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Seeking the "Spirit of Capitalism": The German Historical School and the Controversies about the Origins of Capitalism

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ABSTRACT

The question of the origins or genesis of capitalism preoccupied the writers of the so-called German Historical School and led to fierce disputes between them in the first three decades of the twentieth century. Its "background" was Marx's theory of capitalism and its genesis in *Capital*, against which the authors under consideration attempted to formulate an alternative historical analysis and theory. The leading figure of the school at the time, Werner Sombart, introduced the notion of the "spirit of capitalism" as an independent, decisive factor in the birth of the capitalist system, which pre-existed capitalism. The birth of capitalism took place, according to Sombart, when the activities of certain economic subjects who owned large amounts of money merged with the activities of other economic subjects already possessing a certain economic spirit, which proved to be pertinent to capitalism. The idea of a pre-existing "spirit" which enabled the genesis of capitalism was later adopted by Max Weber who radically modified Sombart's reasoning in a direction compatible with Nassau William Senior's theory of abstinence. Despite its poor documentation of historical facts and social theory, Weber's approach still fascinates certain social scientists, probably because it is being perceived as constituting an "anti-Marxist Manifesto."

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1. Introduction

As I have extensively argued in the past, economists, historians and social scientists, both Marxist and non-Marxist, have provided a wide variety of conflicting answers to the question of when capitalism actually started. In nearly all these discussions, Marx's theory of capitalism and its genesis has been explicitly or implicitly present (Milios 2020).

It is therefore worth mentioning at this point that according to Marx's analysis in *Capital* (1990) and his other mature economic writings, as e.g., the *Grundrisse* (1993), capital as a social relation was historically born, when two social forms that had preceded capitalism confronted each other and were brought into contact: the money-owner and the propertyless proletarian. The capital relation was only formed when these two social forms were co-joined. Marx used the term "so-called original accumulation" to describe the accumulation of money and means (of production and subsistence) which were

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transformed into capital only after their encounter[1] with "free" labour ("free" from personal relations of servitude, but also from production means—the condition of "double freedom"). The two poles of this encounter, the money-owner and the proletarian, were the outcome of historical processes more or less independent of one another, through which the capital relation was shaped. "With the polarization of the commodity-market into these two classes, *the fundamental conditions of capitalist production* are present" (Marx 1990, 874; italics added).

This analysis means, as Marx put it, that "*the formation of capital thus does not emerge from landed prop*erty [. . .] but rather from merchant's and usurer's wealth," exactly because "the monetary wealth which becomes transformed into capital in the proper sense, into industrial capital, is rather the *mobile wealth piled up through usury*—especially that practised *against landed property—and through mercantile profits*" (Marx 1993, 504–505; emphasis added).

However, a recent Marxist tradition, as expressed, e.g., by Ellen Meiksins Wood, defends the thesis that capitalism was born as an agrarian system in England: "Capitalism, with all its very specific drives of accumulation and profit-maximization, was born not in the city but in the countryside" (Wood 2002, 95). "The transformation of social property relations was firmly rooted in the countryside, and the transformation of English trade and industry was *result more than cause of England's transition to capitalism*" (129; emphasis added).

This tradition, which was practically introduced by Maurice Dobb (1900–1974) shortly after World War II, stresses the transformation of existing production assets from the feudal into the capitalist ownership form in the agrarian sector of England in the late sixteenth and seventeenth centuries (see Dobb 1975). However, it stands in opposition to other analyses, as, e.g., that of Ernest Mandel who stressed the significance of "the accumulation of money capital by the Italian merchants who dominated European economic life from the eleventh to the fifteenth centuries" (Mandel 1968, 103), as a factor in the emergence and domination of capitalism in other parts of Europe before England.

The "agrarian origins of capitalism thesis," defended, apart from Elen Meiksins Wood and Maurice Dobb, by several other authors, e.g., Robert Brenner, ignores also Lenin's analysis, according to which "the development of agriculture is quite special, quite different from the development of industrial and trading capital" (Lenin 1977, 144). Lenin, following the analysis of Karl Kautsy's *The Agrarian Question* (Kautsky 1988; first published in 1899), which he celebrated as "the most important event in present-day economic literature since the third volume of *Capital*" (Lenin 1977, 94), argued that capitalism, even if it succeeds in conquering the countryside (which was not the case in most capitalist countries), does so only after it has been established in the city. As Kautsky formulated it: "capitalist agriculture only began to become significant once urban capital, and hence the credit system, had become well developed" (Kautsky 1988, 88).

In the present paper,[2] I do not intend to reiterate my critical analysis on these conflicting approaches or to renew my analysis on the origins of capitalism. I will focus exclusively on a debate among the non-Marxist economists and historians of the so-called "German Historical School," out of which the notion of the "spirit of capitalism" was coined, as a supposedly independent, decisive factor which pre-existed capitalism and thus made possible the birth of the capitalist system. The actuality of this debate lies in the fact that it reveals the context in which the currently widely accepted Weberian

concept of the "spirit of capitalism" was formulated, as well as its shortcomings and contradictions.

2. A Note on the "German Historical School"

The so-called "Historical School" was formed in Germany in the second half of the nineteenth century in reaction to both the Classical School of Political Economy and Marxism.

The basic positions of the Historical School are: first, the emphasis on the historical method of analysis of economic relations; second, the rejection of any *theoretical* economic "law"—the only laws that can be deduced are the "empirical laws" derived from historical monographs and statistical surveys; and third, the necessity of a merger between economics and all the other social sciences.

The Historical School is usually divided into the "older," "younger" and "youngest" ones (Economakis and Milios 2001).

To the "Older" Historical School belong mainly three writers: Bruno Hildebrand (1812–1878), Wilhelm Roscher (1817–1894) and Karl Knies (1821–1898). However, strictly speaking, they did not constitute a school, as their approach to economic history was neither uniform nor sufficiently different from that of other economists.

The leading figure of the "Younger" Historical School was Gustav von Schmoller (1838–1917). von Schmoller and his followers completely rejected the idea that a scientific economic theory already existed, arguing that, until then, there was insufficient knowledge of economic history. Moreover, they criticised both the classical commitment to unrestricted free economic competition and Marxist socialism—yet they advocated social reforms ("socialists of the chair"). Their attempt to approach social life as an inseparable whole introduced ethical issues into economic analysis and also led to psychological interpretations of economic phenomena (Schumpeter 1995, 808ff.).

The authors with whom we will deal in the present paper are generally classified as the "Youngest" Historical School. The leading figure was Werner Sombart (1863–1941), although Max Weber (1864–1920) was later to gain greater recognition.

The question of the origins or genesis of capitalism that preoccupied the writers of the Historical School and led to the disputes between them in the first three decades of the twentieth century had as its background Marx's theory of capitalism and its genesis, which had already gained considerable influence in the German-speaking countries, and against which the authors under consideration attempted to formulate an alternative historical analysis and theory.

In what follows I will begin by presenting an outline of the theoretical controversies among the representatives of the Historical School concerning the origins of capitalism, in order then to critically focus on the concept of the "spirit of capitalism," which, although introduced by Werner Sombart, remained theoretically active only in its modified form by Max Weber.

3. The Origins of Capitalism and the Conflicts within the Historical School: A Brief Outline

The question of the origins of capitalism was a subject of research and controversy among the main exponents of the so-called German Historical School for more than

three decades. The period was inaugurated by Werner Sombart's *Modern Capitalism*, first published in 1902, which was critically reviewed by Gustav von Schmoller in 1903 and, in the same year, denounced in a book by Jakob Strieder ([1903] 1968), who rejected Sombart's main interpretation of the genesis of capitalism. In 1904, Sombart became editor of the journal *Archiv für Sozialwissenschaft und Sozialpolitik* (Archives for Social Science and Social Welfare), alongside Edgar Jaffé and Max Weber. In the first two issues of the journal (November 1904 and May 1905), Max Weber published his later famous *The Protestant Ethic and the Spirit of Capitalism* (sometimes mentioned as "*The Protestant Ethic*" or "*Protestant Ethic*" for short), which constitutes a wholly different approach to that of Werner Sombart, despite the fact that both authors shared the opinion that the birth of modern capitalism necessitated the *pre-existence* of a certain "spirit of capitalism" to be brought into being.

Between 1911 and 1913, Sombart published another three books, in which he included certain critiques of Weber's views (Sombart 1911, 1913, 2001). In 1916, he published a revised and significantly enlarged version of *Modern Capitalism* (Sombart 1916a, 1916b). In the same year, Lujo Brentano (1916) undertook a fierce critique of both Sombart's and Weber's views on the origin of capitalism. Weber responded to his critics in the later editions of his *Protestant Ethic*.

Several other economic historians of the German Historical School also took part in the debate, including Felix Rachfahl (1908), who began with an historical example of the Netherlands to develop a systematic critique of Weber's arguments, Georg von Below (1926), who criticized both Sombart and Weber, and Heinrich Sieveking (1928, 1935), who based a part of his analyses on both Sombart's and Weber's elaborations. The most thorough critique of Max Weber's theoretical scheme in the non-German speaking world was formulated by the prominent British historian Richard Henry Tawney, in 1963.

Weber's book has remained a subject of debate to this day, despite the fact that most of its postulates have been repeatedly disproved, especially by historical analyses, past and recent. Weber's theoretical scheme appears to be useful for a fast-track rejection of the supposedly "economistic" foundation of Marxist reasoning.

4. Werner Sombart's *Modern Capitalism* and Its Critics (1902–1916)

Werner Sombart was well acquainted with Marxist theory. In 1894, while a professor at the University of Breslau, he wrote a critical review of Marx's volume 3 of *Capital*, mainly criticizing Friedrich Engels' editorial approach (Sombart 1894).[3] Furthermore, in the foreword to a major work of the period, *Modern Capitalism* (Sombart 1902), he distanced himself from his "honoured teacher," Gustav von Schmoller, with the following words:

> What divides me from him and his followers is the construct in the arrangement of material, the radical postulate of a unified explanation of ultimate causes, the construction of all historical phenomena into a social system, in short what I call the "specifically theoretical." I could also say: it is Karl Marx. (Sombart 1902, XXIX)

Sombart views history as being a succession of various social systems, although he does not consider this succession to be determined by some genetic or general law.

Historical contingency is considered crucial to the emergence of a new system in the place of an old one. He describes the different historical social systems as follows:

> Since the decline of ancient civilization, three great epochs have succeeded each other [. . .] agrarian culture [. . .] artisan organization [. . .]. The epoch in which we still live today follows: its innermost character is characterized by the prevalence of a commercial essence, i.e., calculative-speculative-organizational activity, which is fulfilled by the basic idea that the purpose of the economy is the earning of money. This striving has created the organization which we best call capitalistic. After the capitalist cultural epoch [. . .] the fourth is to follow, a socialist-cooperative epoch. (Sombart 1902, XXXI–XXXII)

According to this view, capitalism is not market-oriented activity—nor a form of entrepreneurship. Sombart clearly differentiates between the craftsman or artisan—the small and medium trader or entrepreneur—to whom he ascribes a specific pre-capitalist system ("artisan organization"), and the capitalist, who bases his activities on large-scale entrepreneurial property. In addition, from a methodological point of view, Sombart distinguishes between the capitalist system, the functioning and evolution of which relies on certain law-abiding regularities inherent to the system—"after it has been possible to turn the dependence on the market into a dominant system of production and distribution (the blind-acting market laws)" (Sombart 1902, XVI)—and the genesis of capitalism, which he regards as an outcome of historical contingency or accidentalism.[4]

The "accidental" event of the birth of capitalism took place, according to Sombart, when the activities of certain economic subjects possessing large amounts of money merged with the activities of other economic subjects possessing a certain economic spirit, which proved to be pertinent to capitalism. The owner of large sums of money (or property which could be transformed into money) belonged, according to Sombart, to a specific category of landowners, especially those who possessed real estate in cities. The accumulation, therefore, of such large properties in the social system of the artisan (handicraft) economy was a precondition to the birth of capitalism.

Through such processes a "money plethora" took place (Sombart 1902, 292ff.) which, however, could not be transformed into capital because landowners did not possess any form of entrepreneurial abilities or spirit. So the birth of capitalism, according to Sombart, came through the transfer of such large properties (in Italy and Flanders since the thirteenth century, or even earlier) to people who by nature already possessed or could develop the suitable calculative-speculative-organizational spirit, or the "spirit of capitalism." Those were predominantly merchants, but could also be handicraftsmen, belonging to the artisan social system, who would never have become capitalists on their own, owing to their restricted economic means, if these large property transfers (by lending, marriage, etc.) had not taken place.

The merging of these two different social actors of the artisan era thus gave birth to capitalism. The possessor of the "spirit of capitalism,"

> could acquire property by donation, by lending, by inheritance, by marriage (a frequent case!). He could come into the possession of considerable land values or land-rents by luck or speculation—if he had bought land with his savings for agricultural use, the price of which was then increased by the expansion of the city. (Sombart 1902, 300)

In order to explain the origins of capitalism, Sombart introduces the notion of a pre-existing "spirit of capitalism" as an autonomous factor being the most decisive

precondition for the birth of the new (capitalist) social system. Other writers of the German Historical School would later adopt this idea. In Sombart's own words:

> The highest accumulation of money is not at all an adequate precondition even for the planning of a capitalist enterprise. What [. . .] has to be added to it to convert the accumulated money into capital is a specifically capitalist spirit of its owner. (Sombart 1902, 207–208).

With this approach, Sombart rejects the interpretations of other German economic historians of the time, and most of all that of Gustav von Schmoller, who argued that capitalism had emerged out of a diversification and polarization of small producers, either into a group of prosperous entrepreneurs or into proletarians (see below). According to Sombart, the small scale of artisan entrepreneurship did not leave room for the accumulation of large moneyed properties, in other words, for the capitalist to emerge.

Besides, Sombart rejects another two conceptions which played a definitive role in the debate that followed the publication of *Modern Capitalism*: one, the idea that capitalism emerged as a consequence of, or in accordance with, "human nature" in general; and two, that religion was the crucial factor in shaping the "spirit of capitalism":

> References to human "nature" and its indwelling inclinations are completely out of place. [. . .] I also find inadequate the explanation that the essence of modern capitalism is through its affiliation with certain religious communities. That Protestantism, especially in its varieties of Calvinism and Quakerism, has fundamentally promoted the development of capitalism is a fact too well known to be elaborated upon. But for anyone rejecting this interpretative attempt (by making a reference to the already highly developed capitalist spirit since the Middle Ages in the Italian communes, and in in the German cities of the fifteenth century): the Protestant regional systems were primarily much more an effect rather than a cause of the modern capitalist spirit, and it will not be difficult for him to show the erroneousness of [this] conception of the emergence of modern capitalism, with the exclusive help of empirical evidence accruing from concrete historical connections. (Sombart 1902, 379, 380–381)[5]

It has been clear up to now that Sombart, in *Modern Capitalism*, draws certain ideas from Karl Marx's work, such as: the definition of capitalism as a social system of production based on the profit-creating activity of the capitalist enterprise (see also Sombart 1902, 195); the emergence of capitalism from a pre-existent "money-possessor" (Sombart 1902, 207); the shaping of human behaviour (or "nature") as an outcome or expression of the mode of functioning of a social and production system; the inherent limitless tendency of capitalist accumulation;[6] and the creation of the proletariat as "the last series of objective conditions" for the emergence of capitalism (Sombart 1902, 217). On several other issues, however, he deviates from Marx's theoretical discourse. Of these non-Marxist views, the most important for our analysis are his theses that capitalism arose from a certain "artisan" or "handicraft" organization of society, and the concept of the "spirit of capitalism," the notion that there is an ideological-cultural element which the money-owner must already possess in order for capitalism to emerge. According to Sombart, this element constitutes the most decisive precondition of capitalism: in other words, capitalism would not have appeared if this ideological-cultural element had not existed and become part of the consciousness of the money-owner. As we discussed above, for Sombart, capitalism became possible when those already possessing the "spirit of capitalism," as a result of their social and economic roles (small- and medium-scale merchants and other entrepreneurs of the "artisan" or "handicraft" historical period who

were unable to create large properties by their own means) came into contact or merged with the big money-owners (urban landowners or rentiers).

I will later return to this issue in order to consider another variant of the "spirit of capitalism" approach, one developed by Max Weber, which played (and to an extent, continues to play) an important role in the non-Marxist approaches to the genesis of capitalism. At this point I would like to focus on critical assessments of Sombart's analysis by other exponents of the German Historical School. As we will see, most critics of Sombart's *Modern Capitalism* focus on the "money plethora" and "landlord-merchant" fusion thesis, the idea that small- and medium-scale entrepreneurship is unable to become capitalist without the transfer of large amounts of money, originally accumulated by landlords.

The first to critically review Sombart's book was Gustav von Schmoller, professor at the University of Berlin at the time, who contended that long-distance trade could revolutionize handicraft production and create the necessary conditions for capitalism to emerge:

> Where long-distance trade begins, the old handicraft begins to grow beyond its original character; then, the heavy struggle within the guild begins, of whether the poorer master is likely to sell his product to his rich co-master for long-distance trade. At that point the attempts, more frequently destined to fail, for cooperative far-reaching sales begin, at that point handicraft begins to transform itself into domestic industry.[7] (von Schmoller 1903, 358; cited in Strieder [1903] 1968, 217)

A similar critique of Sombart was posited in Jakob Strieder's book *On the Genesis of Modern Capitalism* ([1903] 1968), which investigates the formation of big bourgeoisie properties in Augsburg during the late Middle Ages. Strieder, then Doctor of History at the University of Bonn, argued that he had begun to investigate his subject by taking Sombart's hypothesis for granted, intending to apply it to the case of Augsburg. In other words, he began by implementing the "inductive method" in order to verify the correctness of Sombart's hypothesis. Sombart's theory could not be verified, however. Through deductive reasoning, Strieder actually reached very different conclusions: big merchant or manufacture properties never had their origin in money derived from landed property or land-rent. The formation of modern capitalism, with its polarization of the capitalist and the proletarian, was a long-running historical process of gradual change, which began with traditional trade and artisan activities:

> This is the beginning of a process which took place during the 15th century. In this way, heterogeneous elements came to be united in the weavers' guild. A troubled proletariat on the one hand, tormented by worries, badly nourished, born at the loom, dying at the loom, pale, grave figures, the so-called "poor weavers"; and, on the other hand, the capitalists in this guild, men like Hans Fugger, like Hans Bimmel, like Thomas Ehem, like Jakom Hämmerlin, men with extensive commercial skills, on whom luck had smiled and who understood how to utilise it. (Strieder [1903] 1968, 218)

A similar opinion was shared by Georg von Below, professor of Medieval and Modern History at the University of Münster:

> I agree with Sombart that the economies of medieval merchants were not great, that their profits were not vast. But the sudden creation of huge wealth is not necessary. A grain of sand could be heaped upon a grain of sand [. . .]. Who tells us that a capital of exorbitant

> amount is necessary for the founding of a capitalist enterprise? We are by no means observing that only the very rich begin industrial enterprises. (von Below 1926, 489)

In 1916, Lujo Brentano, professor at the University of Munich, published a rather detailed critique of Sombart's analysis as an appendix to his own analysis of the beginnings of capitalism (Brentano 1916, 78ff.). Brentano's critique was articulated in three main arguments:

(a) The rich merchant who concentrates large amounts of money is a historical figure existing since antiquity; the assumption that the merchant was dependant on some other money-possessor in order to acquire the magnitude of property necessary for capitalist entrepreneurship is pointless. A merchant economy is a money economy, focussing on the creation of constantly increasing monetary earnings, and is often assisted by piracy, war and (colonial) plunder. In this context, Brentano adopts a similar thesis to that of Henri Pirenne, according to which, whenever a conjoining of merchant capital with landed property took place, it kindled the investment of merchant profits in real estate, and not, as Sombart suggests, the inflow of landlord money into trade.

> A new notion of wealth made its appearance: that of mercantile wealth, consisting no longer in land but in money or commodities of trade measurable in money. During the course of the eleventh century, true capitalists already existed in a number of cities [. . .]. These city capitalists soon formed the habit of putting a part of their profits into land. The best means of consolidating their fortune and their credit was, in fact, the buying up of land. They devoted a part of their gains to the purchase of real estate, first of all in the same town where they dwelt and later in the country. But they changed themselves, especially, into money-lenders. (Pirenne 2014, 143–144)

(b) A "handicraft" historical era has never existed. What preceded capitalism was a feudal social order based on landed property and relations of personal dependence:

> Handicraft in antiquity, as in the Middle Ages and in the age of developed capitalism, was not in a dominant position, but in a subordinate position in economic life. [. . .] The rulers, whose will dominate economic organization, were chiefly the landlords, and alongside with them, though feeble in the beginning, the new emergent rulers, the merchants who possessed capital [. . .]. Capitalist domination began a struggle with feudal domination, and it is the very emergence of capitalism that led handicraft, for the first time, to be emancipated from masters both without as well as within cities. (Brentano 1916, 82–83)

(c) The tendency towards unlimited monetary wealth is not the effect of a "spirit of capitalism." The pursuit of acquiring ever more money is a part of human nature and characterized big merchants long before the rise of capitalism. Contrary to subordinated and dependent social groups (peasants, handicraftsmen, etc.) who were accustomed to a subsistence economy, the big merchant always possessed a strong propensity for unlimited money-earning: "Long before the emergence of capitalism they were filled with a proclivity for unlimited acquisition" (Brentano 1916, 111).

We can see that the "Sombart debate," as we may call it, introduced two positions which were later reproduced in twentieth-century Marxist debates: first, that capitalism emerged out of the gradual polarization of small-scale producers into capitalists and

proletarians, and second, that trade functioned as the motivating force behind the rise of capitalism. However, it was the "spirit of capitalism" that endured in controversies among German scholars during the first three decades of the twentieth century, and continues to be debated even to this day among social scientists all over the world. On his part, Sombart, in a way, preserves or reproduces Marx's idea that the birth of capitalism was due to an "aleatory encounter" between a money-owner and some other economic agent. Nevertheless, this other agent is not the proletariat, but the non-capitalist entrepreneur, possessor of the "spirit of capitalism." The neglect of wage-labour is, however, even more obvious in the works of other non-Marxist writers.

5. Max Weber and the "Spirit of Capitalism" Controversy

As we have already discussed, Werner Sombart introduced the notion of the "spirit of capitalism" as an independent, decisive factor in the birth of the capitalist system, which, although preceding capitalism,[8] was *socially and economically conditioned*: it was not just certain ideas postulated by a thinker of an intellectual movement, a philosophy, or a religion, which shaped the "spirit of capitalism," but a way of life and an economic activity which necessarily tended towards the creation of the "calculative-speculative-organizational" spirit characteristic of capitalism.

In his later works of the period (Sombart 1913, 2001), Sombart broadened the idea of the "spirit of capitalism" as he contemplated "the spirit of the times," with a view to the wider ideological-cultural social climate during the transitional era of the late Middle Ages, noting that "the changing modes of life follow one another like waves of the sea" (Sombart 1967, 42). In this context he traces changes in the sexual behaviour of certain social strata, which denoted the emergence of a new ethos correlated with the ideologies and practices of the "free person," i.e., the rise of the form of subjectivity that pertains to capitalism. He writes:

> I know of no event of greater importance for the formation of medieval and modern society than the transformation of the relations between the sexes [. . .]. A fundamentally different conception of the nature of love first becomes palpably evident in the period of the minnesinger. This would set the date in the eleventh century, which marked, in every respect, the beginning of the secularization of love. (Sombart 1967, 42, 43)

Sombart argues that the rise of this new "spirit" regarding the attitude towards oneself and the opposite sex, was strongly correlated with certain economic behaviour, and more specifically with the tendency towards luxury and consumption in aristocratic courts and the households of well-to-do merchants, manufacturers and high-ranking state officials. He concludes: "Luxury then, itself a legitimate child of illicit love [. . .] gave birth to capitalism" (Sombart 1967, 171).

After capitalism had been stabilized as a social system, the functioning of the system itself "naturally" propagated the "spirit of capitalism," according to Sombart:

> The more capitalism developed the more its importance grew as a creator of the capitalist spirit [. . .]. The system pervades the capitalist undertaking like some silent ghost; "it" calculates, "it" keeps the ledgers, "it" works out prices, "it" determines rates of wages, "it" saves wherever possible, and so on. "It" dominates the undertaker himself; "it" makes demands on him; "it" forces him to do what it requires. "It" never rests; "it" is always on the watch; "it" is

> constantly becoming more and more perfect. "It" lives a life of its own. (Sombart 1915, 344, 346)

In his critical review of *Modern Capitalism*, Gustav von Schmoller proposes an alternative idea, namely that capitalism was the outcome of a certain psychological attitude and certain customs and institutions, rather than of economic processes.

> Capital plays certainly a great role in the economy as well as in the modern terms of today, but this is going to be explained only psychologically, by the men of a particular time, race, group of nations, and their spiritual powers, furthermore by the psychic results of these powers, the ideas and moral systems of the time, customs and law, institutions of the time. (von Schmoller 1903, 144; cited in Ebner 2000, 360)

The idea of a psychological-institutional foundation of capitalism was used by Max Weber, while on sabbatical as professor at the University of Heidelberg, to prod the notion of the "spirit of capitalism" introduced by Sombart in a direction compatible with Nassau William Senior's theory of abstinence: that it was the ascetic spirit introduced by Calvinism after the Reformation that functioned as the "spirit of capitalism" and promoted the shaping of modern capitalism.

Weber reiterates Sombart's main idea that "the spirit of capitalism [. . .] was present before the capitalistic order" (Weber 2001, 20). He further summarizes his view as follows:

> This worldly Protestant *asceticism* [. . .] acted powerfully *against the spontaneous enjoyment of possessions*; it restricted consumption, especially of luxuries. On the other hand, it had the psychological effect of freeing the acquisition of goods from the inhibitions of traditionalistic ethics. [. . .] The campaign against the temptations of the flesh, and the dependence on external things, was [. . .] not a struggle against the rational acquisition, but against the irrational use of wealth [. . .]. When the *limitation of consumption* is combined with this release of acquisitive activity, the inevitable practical result is obvious: *accumulation of capital through ascetic compulsion to save*. (Weber 2001, 115, 116; emphasis added)[9]

We have seen that Werner Sombart had criticized the association of the "capitalist spirit" with the Protestant ethic even before the publication of Max Weber's book, arguing that "the Protestant regional systems were primarily much more an effect rather than a cause of the modern capitalist spirit" (Sombart 1902, 380). In his two later books, *The Jews and Modern Capitalism* (2001) and *The Quintessence of Capitalism* (1915), he criticizes Weber on the basis of two new arguments: (a) the main ideas of Calvinism, which according to Weber are responsible for the rise of modern capitalism, can also be traced back to Judaism; and (b) Protestantism was born as a movement opposing already-existing capitalist relations: "[. . .] the dominating ideas of Puritanism which were so powerful in capitalism were more perfectly developed in Judaism, and were also of course of a much earlier date" (Sombart 2001, 174).[10]

> Protestantism has been all along the line a foe to capitalism, and more especially, to the capitalist economic outlook [. . .]. Puritan preachers were totally averse to all money-getting [. . .]. Puritanism hardly encouraged farsighted and adventurous enterprises; shop-keeping was the most it could achieve [. . .]. In Calvinist lands the church was distinctly hostile to capitalism [. . .]. It would be a narrow conception of the capitalist spirit thus to see its various manifestations springing from Puritanism. (Sombart 1915, 251–252)[11]

Other contemporary critics of Weber included Felix Rachfahl (1906, 1907, 1908; see also Bakker [2003] and Mommsen and Osterhammel [1987]), who argued that in seventeenth-century Holland the rich entrepreneurs had distanced themselves from Calvinist ethics, and Lujo Brentano (1916), who formulated a detailed critique of Weber's analysis.

Brentano stressed the fact that emancipation from religious traditionalism had started in Italy long before the Reformation, and not in the Protestant or Calvinist regions.[12] He also argued that Calvinism and Puritanism were hostile towards big business and limitless money making, concluding that what Weber conceives as "spirit of capitalism" is in reality the work ethics of the shopkeeper and petty bourgeoisie entrepreneurship: "In my view, it presupposes a strong prejudice in order to stamp these unadventurous, absolutely petty-bourgeois prudence rules into a 'philosophy of the spirit'" (Brentano 1916, 149).[13]

Brentano's analysis inspired Richard Henry Tawney to write in his now famous *Religion and the Rise of Capitalism*, originally published in 1916:

> Brentano's criticisms [. . .] seem to me to be sound [. . .]. There was plenty of the "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, though all were, at least nominally, Catholic. [. . .] Of course material and psychological changes went together, and of course the second reacted on the first. But it seems a little artificial to talk as though capitalist enterprise could not appear till religious changes had produced a capitalist spirit. [. . .] As Brentano points out, Machiavelli was at least as powerful a solvent of traditional ethical restraints as Calvin. (Tawney 1963, 262)

More recent historical studies affirm the above-cited critics of Weber. As Luciano Pellicani (1994, 50) aptly remarks, Weber's thesis is nothing more than "a distortion of history":

> The Weber thesis is indefensible, not only for the reasons proposed by Richard Tawney, but also because nothing more antithetical to the modern capitalist spirit can be imagined than the obsessive preaching of the reformed sects about the horror of Mammon, who corrupts, degrades and prostitutes everything. (Pellicani 1994, 37)

Neither Weber nor his followers have ever persuasively responded to critics of the "Calvinism as spirit of capitalism" thesis. However, "*The Protestant Ethic* has provoked and continues to provoke a mysterious and, at times, muddled fascination among sociologists" (Pellicani 1994, 48). And as Fernand Braudel similarly notes in one of his later books, referring to Weber's approach: "All historians have opposed this tenuous theory, although they have not managed to be rid of it once and for all" (Braudel 1979, 66).

In my opinion, the success of Weber's book, despite its poor documentation of historical facts and social theory, can be attributed to its being perceived as constituting an "anti-Marxist Manifesto," through a reversal of the flow of causality and effect supposedly introduced by Marxist theory:

> Concerning the doctrine of the more naïve historical materialism, that such ideas originate as a reflection or superstructure of economic situations, [. . .] it will suffice for our purpose to call attention to the fact that without doubt, in the country of Benjamin Franklin's birth (Massachusetts), the spirit of capitalism [. . .] was present before the capitalistic order. [. . .] In this case the causal relation is certainly the reverse of that suggested by the materialistic standpoint. (Weber 2001, 20–21)[14]

To suppose that Massachusetts (or Philadelphia, where Franklin lived after the age of 17) in the mid-eighteenth century was not a region where the capitalist mode of production prevailed, as Weber suggests, betrays a very poor understanding of what capitalism actually is. However, it seems that for many scholars anti-Marxist prejudice has been more important than the formulation of a sound theory of capitalism and its origins.

A result of this ideological prejudice is also the fact that contemporary social science ascribes the introduction of the notion of the "spirit of capitalism" as an indispensable precondition to the rise of capitalism to Max Weber—this notion, of course, as well as the idea that modern capitalism could not have taken hold if a certain capitalist "spirit" had not pre-existed before its emergence, was introduced by Werner Sombart in his *Modern Capitalism* (1902). It seems as though Sombart's doctrine of the "spirit of capitalism," which we have discussed extensively in this paper, was not "anti-Marxist enough" to be remembered by conventional social science. And, interestingly, it was not Marxist enough to be remembered by Marxists.

6. Instead of an Epilogue: Weber's *Protestant Ethic* in Marxist Discussions

As already mentioned, Max Weber's *The Protestant Ethic and the Spirit of Capitalism* practically functions as an "anti-Marxist Manifesto," or, as Jan Rehmann formulated it, "the more Weber's model imposes itself within the social sciences, the more it becomes part of anti-Marxism's standard repertoire" (Rehmann 2015, 224).[15] However, as most Marxist analyses on the connection between Max Weber and Karl Marx stress, the former does not criticize Marx's reasoning, but a naive caricature of it. Indicatively, Dipankar Gupta aptly stresses the following:

> It was the intention more than the content that warmed the hearts of many, especially those in academic establishments, to make Weber an instant star [. . .]. Generous exegetes of this work, argued Weber, can, at best, claim Protestantism promoted capitalism but certainly did not cause it. This is probably the stoutest defense Weber's *PE* [*Protestant Ethic*] will ever get, but his fame rests on the emphasis he laid on ideas changing material reality. As if to seal this point, he asserts, "religious ethics cannot be regarded as a reflex of economic conditions" (*PE*, 266). Here, he obviously had Marx in mind, *but Marx was not that kind of a materialist at all.* (Gupta 2019, 98; emphasis added)

Jan Rehmann is also right in pointing out:

> It is easy to see why Weber does not articulate his opposition to Marxism on the terrain of the Marxian critique of alienation and domination but chooses a frontline more favourable to him, namely that of a "naïve historical materialism" that can only conceive of the spirit of capitalism as a "reflection" of material conditions in the ideal superstructure. [. . .] It is no coincidence that later scholars have largely followed him in this choice, which makes it easy to score points against Marxism [. . .]. Marx never held that innovations must always occur within the economic "base" before they can ascend to the ideological "superstructure." Such an economistic interpretation is already given the lie by the fact that Marx and Engels did not thematise the ideological primarily as a phenomenon of consciousness, but as a material and relatively autonomous instance: as a number of "practical forces" (the state, law, religion, the school, etc.) that appear as "holy" powers within the imagination. (Rehmann 2015, 361–362)[16]

Kieran Allen argues that Weber's anti-Marxist stance was rooted in his conservative political engagement:

> In January 1919, as the crisis matured, Weber embarked on a speaking tour to rally the more conservative forces. He launched tirades against the revolutionary socialists, claiming for example that "Liebknecht belongs in the madhouse and Rosa Luxemburg in the zoo." This type of hysterical propaganda was quite typical of right-wing forces that were planning to put down the far left forcibly. He denounced the "stupid hatred of the domestic entrepreneurs, the only result of which will be that *foreign* capital will control the German economy." In brief, Weber placed himself firmly on the side of bourgeois order. (Allen 2004, 164; italics in the original)[17]

Despite this chasm between Weber's and Marx's approaches, proponents of a certain Marxist trend of thought understand themselves as Webero-Marxists, often incorporating into their analyses theses stemming not only from *Economy and Society*, Weber's (1978) major work, but also from the *Protestant Ethic*. Indicative are the following positions of Michael Löwy:

> The expression "Weberian Marxism"—one could also speak of Webero-Marxism, as there is a Freudo-Marxism or a Hegelo-Marxism—is an intellectually productive provocation, provided that it is not understood as an eclectic mixture of two methods, but rather as the use, in the service of a fundamentally Marxian approach, of some of Weber's themes and categories. (Löwy 2013, 111)

"György Lukács can be considered as the first Marxist to take Max Weber seriously and to be significantly inspired by his ideas" (Löwy 2013, 110).[18] "Gramsci was very interested, in his *Prison Notebooks* of the 1930s, in *The Protestant Ethic*" (114). "To a certain extent, Merleau-Ponty's *Les Aventures de la dialectique* is part of such an approach" (121).

My analysis in the present paper does not affirm such an approach, namely that *The Protestant Ethic* can be of any "use, in the service of a fundamentally Marxian approach."

The Protestant Ethic does not contain any genuine idea whatsoever. Weber "borrowed" the notion of the "spirit of capitalism" from Werner Sombart, the idea of Protestantism promoting capitalism from Eberhard Gothein, the thesis about the "accumulation of capital through ascetic compulsion to save" from Nassau Senior. Even more, Weber does not seem to possess a clear idea as regards what actually capitalism is: he conflates capitalism with every form of money begetting economic activity and so claims that in his book:

> we are here dealing only with Western European and American capitalism [. . .]. Capitalism existed in China, India, Babylon, in the classic world, and in the Middle Ages. But in all these cases, as we shall see, this particular ethos was lacking. (Weber 2001, 17)

Concluding, I might say to all those who wonder about the heuristic value of *The Protestant Ethic*: "Lasciate ogne speranza, voi ch'intrate" (Abandon all hope, you who enter here)![19]

Notes

1. According to Marx's formulation, "the confrontation of, and the contact between two very different kinds of commodity owners" (Marx 1990, 874). See also Milios (2020).
2. Some parts of this paper are based on ideas developed in Milios (2018).

3. The publication was followed by written correspondence between Engels and Sombart. In a letter to Conrad Schmidt on March 12, 1895, Engels writes: "In Sombart's otherwise very good article on Volume III I also find this tendency to dilute the theory of value: he had also obviously expected a somewhat different solution?" https://www.marxists.org/archive/marx/works/1895/letters/95_03_12.htm. See also Engels (1976, 427–429, 430–434).
4. "We look at the genesis of the capitalist economic subject or economic principle in terms of something accidental" (Sombart 1902, 398).
5. Sombart refers at this point to the book of Eberhard Gothein, *Wirtschaftsgeschichte des Schwarzwaldes und der angrenzenden Landschaften* (The Economic History of the Black Forest and Neighbouring Regions), where it is stated: "the Calvinist Diaspora is the nursery garden of the economy of capital" (Gothein 1892, 674; cited in Sombart 1902, 381).
6. "The aims of the capitalist enterprise are abstract and therefore limitless" (Sombart 1902, 196).
7. As regards the notion of domestic industry (the cottage system) see Rubin (1979, 221–230) and Milios (2018, chapter 3).
8. "It goes without saying that in some time in the distant past the capitalist spirit must have been in existence—in embryo, if you like —before any capitalist undertaking could become a reality" (Sombart 1915, 344).
9. Compare Weber's "asceticism thesis" with Nassau Senior's "abstinence thesis":

> To abstain from the enjoyment which is in our power, or to seek distant rather than immediate results, are among the most painful exertions of the human will [. . .]. [W]hat a *sacrifice of present enjoyment* must have been undergone by the capitalist who first opened the mine of which the carpenter's nails and hammer are the product! How much *labour directed to distant results* must have been employed by those who formed the instruments with which that mine was worked! (Senior [1836] 1951, 60, 68; italics added)

10. This argument is, of course, fully embedded in Weber's logic (a religious group is the "bearer" of an ethos which allows for the emergence and development of capitalism), and gives Weber the opportunity for an easy response: "The Jewish ethics, however strange that may at first sound, remained very strongly traditionalistic" (Weber 2001, 244).
11. The following excerpt from Martin Luther's writing is characteristic:

> Therefore is there, on this earth, no greater enemy of man (after the devil) than a gripe-money, and usurer, for he wants to be God over all men. [. . .] And since we break on the wheel, and behead highwaymen, murderers and housebreakers, how much more ought we to break on the wheel and kill [. . .] hunt down, curse and behead all usurers. (Cited in Marx 1990, 740)

12. "Weber's theory ignores the emancipation from traditionalism in Italy which led to brilliant development of capitalism and made it the richest country in Europe in the second half of the Middle Ages" (Brentano 1916, 134). Ten years later, the same critique was repeated by Georg von Below: "Calvinism was not decisive for the development of capitalism, since the latter had been created in different places without it" (von Below 1926, 431).
13. Marx has clearly pointed out that the capitalist, in his very role, cannot abstain from a certain level of luxury:

> When a certain stage of development has been reached, a conventional degree of prodigality, which is also an exhibition of wealth, and consequently a source of credit, becomes a business necessity to the "unfortunate" capitalist. Luxury enters into capital's expenses of representation. [. . .] [T]here develops in the breast of the capitalist a Faustian conflict between the passion for accumulation and the desire for enjoyment. (Marx 1990, 741)

14. The same argument is often repeated by Weber's followers, as, for example, Heinrich Sieveking, who was then a professor at the University of Hamburg, wrote: "It is not possible,

following Marx, to explain everything else starting from the production relations; on the contrary, in connection with Max Weber, the influence of the intellectual movement on the shaping of the economy must also be pursued" (Sieveking 1935, V).

15. See also Juan (2017):

> The classical work by Max Weber has been used by sociologists and other scholars to proclaim the predominance of ideas over material forces. [. . .] [T]he causal link between protestant moral prescriptions and the "spirit" of capitalism remains far from proven. Furthermore, there is a solid argument for reversal causality, i.e., that the material conditions brought about by capitalism heavily influenced protestant ethics and facilitated their dissemination.

And Nicos Poulantzas (2000, 11) points out: "since Max Weber, all political theory has constituted either a dialogue with Marxism or an attack upon it." It is worth mentioning at this point, that even proponents of the Weberian approach seem to doubt about "the actual influence of Protestantism on the development of capitalism":

> We shall leave to one side the important post-Weberian debate, essentially revolving around the actual influence of Protestantism on the development of capitalism and, more generally, of religious beliefs on economic practices, and draw above all from Weber's approach the idea that people need powerful moral reasons for rallying to capitalism. (Boltanski and Chiapello 2005, 9)

16. Wolfgang J. Mommsen writes on the same issue: "Weber ignored the fact that Marx and Engels's position on this matter was much more sophisticated" (Mommsen 1989, 57).
17. Mommsen (1989, 54) points out, "Weber labelled the Communist Manifesto 'a pathetic prophesy.'"
18. As Poulantzas (1967, 61) points out, "[. . .] we should not forget the direct descent of Lukács from Weber."
19. See, Dante. *The Divine Comedy*, third song, v. 9.

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