

N.B . This is a rough, unpublished, draft, written and amended over the period between about 1976 and 1992. The notes and arguments have not been checked, so please use with caution.

### **A nineteenth-century approach: Max Weber.**

Representing the later nineteenth century, we may again take one great synthesizer, Max Weber. Weber considered a number of possible explanations for the emergence of capitalism. He rejected the crudely technological and materialistic ones: colonial trade, population growth, the inflow of precious metals. He then isolated some of the necessary but not sufficient 'external conditions', the particular geography of Europe with its cheap transportation by water, the favourable military requirements of the small states, the large luxury demand from an unusually prosperous population. Ultimately, it was not these external factors, but something more mysterious that was important. It was the ethic, the justification of the pursuit of profit. He found the roots of this in a paradox. The new attitudes were waiting to escape. The paradox is summarized by Weber himself. 'The final result is the peculiar fact that the germs of modern capitalism must be sought in a region where officially a theory was dominant which was distinct from that of the east and of classical antiquity and in principle strongly hostile to capitalism'.<sup>1</sup> This region was medieval Christendom.

We may note the use of 'officially' here with its implication of the submerged, unofficial, practice. Judaism was an important background feature in giving to Christianity, 'the character of a religion essentially free from magic'.<sup>2</sup> But what was most important was the presence of Protestantism. Protestantism was not the cause of capitalism, but it gave older and deeper tendencies a necessary protection. It was enabling force. This view of Protestantism as a kind of windbreak which allowed the young plant to grow is well shown in numerous places by Weber. For instance, when writing that the Puritan outlook 'stood at the cradle of the modern economic man', the image is not of a mother giving birth, but of a friend, perhaps a godparent, who gives support and blessing to the new infant. More specifically, Weber wrote that 'we have no intention whatever of maintaining such a foolish and doctrinaire thesis as that the spirit of capitalism...could only have arisen as the result of certain effects of the Reformation, or even that capitalism as an economic system is the creation of the Reformation'.<sup>3</sup> Many aspects of capitalism were much older. As Bendix summarizes Weber's position, 'this world historical transformation, then, was not the product of Puritanism; rather, Puritanism was a late development that reinforced tendencies that had distinguished European society

---

<sup>1</sup> Weber, *General*, 162.

<sup>2</sup>Ibid, 265.

<sup>3</sup>Weber, *Protestant Ethic*, 174-91

for a long time past'.<sup>4</sup>

Weber provides some suggestive clues as to why England should be the cradle of capitalism. There was the peculiar position of the peasantry. In England the peasants were particularly weak and vulnerable because, being an island, they were not needed by the king and nobility as a necessary fighting force; 'hence the policy of peasant protection was unknown in England and it became the classical land of peasant eviction'. In England, he noted

no legal emancipation of the peasants ever took place. The medieval system is still formally in force, except that under Charles II serfdom was abolished...In England, the mere fact of the development of a market, as such and alone destroyed the manorial system from within. In accordance with the principle fitting the situation, the peasants were expropriated in favour of the proprietors. The peasants became free but without land.

In France, however, 'the course of events is exactly the opposite...France, in contrast with England, became a land of small and medium sized farms'.<sup>5</sup>Not only was this a reflection of the different power of the peasants, the pressures of wealth in England were greater. Because of the rapid development of a particular means of production, the English woollen industry with its division of labour and commerce, the large-scale stock raising, Weber argued, made the tenant weak and redundant. The massive growth of the English cloth industry from the fourteenth century onwards meant that a new capitalist class emerged. This was combined with the growth of the 'bourgeoisie', the free dwellers in the peculiar towns and cities of northern Europe.

Having subtly interwoven some of the religious, economic and social factors, Weber does not omit the political and legal dimensions. He argues that 'the State, in the sense of the rational state has existed only in the western world'. He contrasts this western state with the charismatic, patrimonial and other traditional systems of government in China, India and Islam. The state is essential to capitalism; 'very different is the rational state in which alone modern capitalism can flourish'. The basis of the rational state is rational law. Here Weber recognizes another paradox. The most 'rational', that is, the most carefully worked out and logically coherent of legal systems, was that of Roman law. Yet, ironically, capitalism flourished most in the one area of Europe without Roman law, namely England. Weber resolves the contradiction subtly. He distinguishes between the formal side, in modern terms 'procedural' or 'adjectival' law, and its content or 'substantive law'. Thus the 'rational law of the modern occidental state...arose on its formal side, though not as to its content, out of Roman law'. Yet, since 'England, the home of capitalism, never accepted the Roman law', it is clear that 'in fact all the characteristic institutions of modern capitalism have other origins than Roman law'. Weber gives a list of these devices. 'The annuity bond...came from medieval law, in which Germanic legal ideas played their part. Similarly the stock certificate arose out of medieval and modern

---

<sup>4</sup>Bendix, Max Weber, 71-2.

<sup>5</sup>Weber, General, 129, 85-6.

law...likewise the bill of exchange...the commercial company is also a medieval product, so also the mortgage, with the security of registration, and the deed of trust'.<sup>6</sup>

Several of Weber's characterizations of capitalism naturally overlap with those of Marx. The presence of a 'free' labour force, freed from the constraints of those fetters such as serfdom, slavery or kinship, is of great importance for Weber. Likewise, there is increasing division of labour, though here Weber elaborates a new distinction: 'the separation of business from the household, which completely dominates modern economic life' is of central importance. This is not necessarily a physical separation as between place of work and household, it is 'our legal separation of corporate from personal property'.<sup>7</sup> It is the realization that a person may act in one way as a businessman, and another as a family member, it includes the devices of limited liability, of companies, of corporations. This separation of the economic unit of production from the social unit of reproduction lies behind the destruction of the hitherto widespread 'domestic mode of production' which blended the two. The distinction is behind the growing separation of public and private domains in politics, economics and elsewhere. It is also related to the new development of 'rational accounting'.

When contrasting feudal and capitalist systems, Weber argued that the large demesne farming of medieval Europe was not 'capitalist'. It would only have been so 'if it were oriented to capital accounting, particularly to an estimate, beforehand, in money of the chances of profit from a transaction'.<sup>8</sup> Weber expands this view very clearly elsewhere.

We will define a capitalistic economic action as one which rests on the expectation of profit by the utilization of opportunities for exchange, that is on (formally) peaceful chances of profit...The important fact is always that a calculation of capital in terms of money is made, whether by modern book-keeping methods or in any other way, however primitive and crude. Everything is done in terms of balances: at the beginning of the enterprise and initial balance, before every individual decision a calculation to ascertain its probably profitableness, and at the end a final balance to ascertain how much profit has been made.<sup>9</sup>

Thus the central feature is not in the actual method of accounting, double-entry book-keeping or whatever, but in the mental attitudes, the desire to work out the likelihood of profit on a transaction.

---

<sup>6</sup>Ibid, 249,250,251,252; for a lengthier exposition and criticism of the views of Marx and Weber, see Baechler, *Origins*, chs 1,2,3.

<sup>7</sup>Weber, *Protestant Ethic*, 21-2.

<sup>8</sup>Weber, *Theory*, 267.

<sup>9</sup>Weber, *Protestants Ethic*, 17-18.

Thus Weber is already talking about attitudes and ideology and it is in high insights into the ethos of capitalism that he made his most important contributions. Ultimately the uniqueness of capitalism lies in its attitudes towards such things as money, time, effort, accumulation and so on. Weber believed that what happened under capitalism was that accumulation, saving, and profit-seeking had become ethically and emotionally attractive, whereas before they had been unacceptable. The ethic of endless accumulation, as an end and not as a means, is the central peculiarity of capitalism.

Man is dominated by the making of money, by acquisition as the ultimate purpose of his life. Economic acquisition is no longer subordinated to man as the means for the satisfaction of his material needs. This reversal of what we should call the natural relationship...is evidently as definitely a leading principle of capitalism as it is foreign to all peoples not under capitalistic influence.<sup>10</sup>

This ethic or spirit could flourish in the backwoods or be absent in great markets in ancient civilizations. For what Weber saw was that it is not money in itself, it is not markets by themselves, it is not even particular accounting systems that are significant, it is the use and purposes to which these are put. It is not money which is the root of capitalism, but the love of money.

Weber is an elusive and often contradictory thinker, yet occasionally he drew up checklists of what he thought were the necessary, if not sufficient, preconditions of capitalism. One such list is in his 'General Economic History'. He enumerates six such features. The first, 'rational capital accounting', the second, 'freedom of the market' (in other words, the absence of class or other constraints on trading), and the fifth, 'free labour', we have already encountered. The other three need to be added to the definition of capitalism. His third precondition is a 'rational technology', that is, one reduced to calculation to the largest possible degree, which implies mechanization'. Here he overlaps with the point we have already encountered with Marx, that capitalism is likely to be linked to a certain set of tools, and particularly with machines which give man control over his environment. Weber's last two additions take one again into the borderland between superstructure and infrastructure, that artificial distinction out of which Weber breaks. His fourth point is the necessity for 'calculable law'. As he puts it, the 'capitalistic form of industrial organization, if it is to operate rationally, must be able to depend upon calculable adjudication and administration'. This was not present in the Greek city-state, the patrimonial state of Asia, nor, Weber believes in 'western countries down to the Stuarts'. But without political and legal certainty, rational decisions cannot be taken. The final feature is also related to law, but in another way. It is the 'commercialization of economic life', by which he means 'the general use of commercial instruments to represent share rights in enterprise, and also in property ownership'.<sup>11</sup>

---

<sup>10</sup>Ibid, 53.

<sup>11</sup>Weber, General, 208-9.

Copyright: Alan Macfarlane, King's College, Cambridge. 2002

Of course one could add further features of capitalism, the psychological alienation which Marx drew attention to, the individualistic family system documented by Engels, the new attitude towards nature in Weber's famous 'disenchantment of the world'. But we have enough already to gain a good picture of many of the deeper characteristics of that historically specific phenomenon whose origins and development is one of the themes of this book.

Also (a) De-familiarization

(b) Monasteries

(c) Ritual bureaucracy

(d) Urbanization

Methodology:- (a) Contrast

(b) Comparison

(c) Structural tension