

Understanding *The Protestant Ethic and the Spirit of Capitalism*

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What if our entire global economic system was started because some people, long ago, were afraid of going to Hell? Sounds unbelievable, but in *The Protestant Ethic and the Spirit of Capitalism*, sociological theorist Max Weber argues that the Calvinist doctrine of predetermination was the seed that started capitalism. Here are some notes to help you understand one chapter from Weber's seminal book.

At the beginning of the chapter, Weber notes that we cannot define "the spirit of capitalism" from the outset. We need to unearth its meaning through the analysis. He starts off by reviewing an essay written by Benjamin Franklin that gets at 'the spirit of capitalism' to which Weber is referring. The essay has several interesting lessons, which I have paraphrased:

- Time is money - time that you don't spend working translates into actual money you have lost; even if you didn't spend any money while sitting around, you could have used that time to earn money and therefore by sitting around you have lost money
- Credit is money
- Money generates more money, so be careful with it
- Borrowing wisely and paying back in a timely fashion pays off; never keep borrowed money even an hour past the time you promised to return it
- Take your credit seriously, even the smallest things that might affect it should be taken seriously
- Keep careful records of your income and your expenses and you will see how small expenses add up to large sums, therefore you will better learn how to save by not spending on small, trifling things
- If you idly or carelessly spend your money, time, or credit you lose even more by wasting those things that can eventually get you more money in the future

Weber observes that in this essay, the take-away lesson is that getting money is not just a means to an end, it is an end in itself, meaning it is something that is done just for the sake of doing it. In other words, a person should seek money only for the sake of having money. Weber writes: "what is preached here is not simply a means of making one's way around the world, but a peculiar ethic. The infraction of its rules is treated not as foolishness but as forgetfulness of duty...this is the quality which interests us."

The ethic to which Weber refers was, at the time, specific to modern capitalism in Western Europe and America.

Weber notes that Franklin's essay is a lesson in utilitarianism - virtues such as hard work and honesty are good only insofar as they are useful to the individual. What Weber finds fascinating is that it is not that simple. As he reads in Franklin's autobiography, these values aren't just utilitarian to the individual, they are utilitarian for achieving divine righteousness. "The earning of more and more money, combined with the strict avoidance of all spontaneous enjoyment of life" is not based on hedonism but rather a religious ethic inherent in Protestant Christianity. Ben Franklin himself described the ethic by referring to a Bible verse which his father repeatedly told him: "Seest thou a man diligent in his business? He shall stand before kings."

Weber forms an idealist theory of history. He notes that once capitalism developed, it was rather self-sustaining. But capitalism had to originate from somewhere; it did not just appear. This origin of capitalism is what interests Weber. He thinks that the materialist theory (i.e. Marxist theory) is too simplistic, noting that the 'spirit' of capitalism (which traces to Protestant Christianity as early as the 1630s) was present long before the emergence of actual capitalism.

The 'spirit' of capitalism didn't win out easily. It had to beat out universal greed and 'traditionalist' work ethics that were also commonly-held ideals. In order for modern capitalism to develop, "labor must be performed as if it were an absolute end in itself, a calling." The role of religion is crucial for understanding how people come to view labor as 'a calling'.

It is important to note the differences between 'traditionalist' capitalism and 'modern' capitalism; the latter is marked by the 'spirit' of capitalism. 'Traditionalist' capitalism was mostly characterized by leisure and sustainability: people worked only as much as they needed to to get by. By contrast, the spirit of modern capitalism is to seek increasing profit rationally and systematically. What caused the transition from traditionalist capitalism to modern capitalism was not a massive change in the productive forces (as Marx argues) or a huge influx of new capital, but rather the injection of a new 'spirit' that reinvented old ways of doing things. After this reinvention took hold, the leisure of traditional capitalism was replaced by bitter, competitive struggle and a frugality in spending, saving, and lending. According to Weber, above all else, the spirit of capitalism is responsible for the modern capitalist system we see today. Because an 'ideal' was the catalyst to capitalism, Weber's theory is often called an 'idealist' theory of history, as opposed to Marx's materialist view of history. In other words, according to Weber, a cultural structure determined an economic structure (not the other way around).

The spirit of capitalism (profit-seeking) was not well-tolerated in the large economic centers of the Western world. Rather, it became the economic doctrine in back-woods Pennsylvania and other American colonies where actual capital was scarce. Weber ends the chapter by discussing how the spirit of capitalism was developed through the development of rationalism and Protestantism, though he discusses this in more in later chapters.