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The Protestant Ethic and  
the Spirit of Capitalism

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London and New York

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## THE SPIRIT OF CAPITALISM

In the title of this study is used the somewhat pretentious phrase, the spirit of capitalism. What is to be understood by it? The attempt to give anything like a definition of it brings out certain difficulties which are in the very nature of this type of investigation.

If any object can be found to which this term can be applied with any understandable meaning, it can only be an historical individual, i.e. a complex of elements associated in historical reality which we unite into a conceptual whole from the standpoint of their cultural significance.

Such an historical concept, however, since it refers in its content to a phenomenon significant for its unique individuality, cannot be defined according to the formula *genus proximum, differentia specifica*, but it must be gradually put together out of the individual parts which are taken from historical reality to make it up. Thus the final and definitive concept cannot stand at the beginning of the investigation, but must come at the end. We must, in other words, work out in the course of the discussion,

as its most important result, the best conceptual formulation of what we here understand by the spirit of capitalism, that is the best from the point of view which interests us here. This point of view (the one of which we shall speak later) is, further, by no means the only possible one from which the historical phenomena we are investigating can be analysed. Other standpoints would, for this as for every historical phenomenon, yield other characteristics as the essential ones. The result is that it is by no means necessary to understand by the spirit of capitalism only what it will come to mean to us for the purposes of our analysis. This is a necessary result of the nature of historical concepts which attempt for their methodological purposes not to grasp historical reality in abstract general formulæ, but in concrete genetic sets of relations which are inevitably of a specifically unique and individual character.<sup>1</sup>

Thus, if we try to determine the object, the analysis and historical explanation of which we are attempting, it cannot be in the form of a conceptual definition, but at least in the beginning only a provisional description of what is here meant by the spirit of capitalism. Such a description is, however, indispensable in order clearly to understand the object of the investigation. For this purpose we turn to a document of that spirit which contains what we are looking for in almost classical purity, and at the same time has the advantage of being free from all direct relationship to religion, being thus, for our purposes, free of preconceptions.

Remember, that *time* is money. He that can earn ten shillings a day by his labour, and goes abroad, or sits idle, one half of that day, though he spends but sixpence during his diversion or idleness, ought not to reckon *that* the only expense; he has really spent, or rather thrown away, five shillings besides.

Remember, that *credit* is money. If a man lets his money lie in my hands after it is due, he gives me the interest, or so much

as I can make of it during that time. This amounts to a considerable sum where a man has good and large credit, and makes good use of it.

Remember, that money is of the prolific, generating nature. Money can beget money, and its offspring can beget more, and so on. Five shillings turned is six, turned again it is seven and threepence, and so on, till it becomes a hundred pounds. The more there is of it, the more it produces every turning, so that the profits rise quicker and quicker. He that kills a breeding-sow, destroys all her offspring to the thousandth generation. He that murders a crown, destroys all that it might have produced, even scores of pounds.

Remember this saying, *The good paymaster is lord of another man's purse*. He that is known to pay punctually and exactly to the time he promises, may at any time, and on any occasion, raise all the money his friends can spare. This is sometimes of great use. After industry and frugality, nothing contributes more to the raising of a young man in the world than punctuality and justice in all his dealings; therefore never keep borrowed money an hour beyond the time you promised, lest a disappointment shut up your friend's purse for ever.

The most trifling actions that affect a man's credit are to be regarded. The sound of your hammer at five in the morning, or eight at night, heard by a creditor, makes him easy six months longer; but if he sees you at a billiard-table, or hears your voice at a tavern, when you should be at work, he sends for his money the next day; demands it, before he can receive it, in a lump.

It shows, besides, that you are mindful of what you owe; it makes you appear a careful as well as an honest man, and that still increases your credit.

Beware of thinking all your own that you possess, and of living accordingly. It is a mistake that many people who have

credit fall into. To prevent this, keep an exact account for some time both of your expenses and your income. If you take the pains at first to mention particulars, it will have this good effect: you will discover how wonderfully small, trifling expenses mount up to large sums; and will discern what might have been, and may for the future be saved, without occasioning any great inconvenience.

For six pounds a year you may have the use of one hundred pounds, provided you are a man of known prudence and honesty.

He that spends a groat a day idly, spends idly above six pounds a year, which is the price for the use of one hundred pounds.

He that wastes idly a groat's worth of his time per day, one day with another, wastes the privilege of using one hundred pounds each day.

He that idly loses five shillings' worth of time; loses five shillings, and might as prudently throw five shillings into the sea.

He that loses five shillings, not only loses that sum, but all the advantage that might be made by turning it in dealing, which by the time that a young man becomes old, will amount to a considerable sum of money.<sup>2</sup>

It is Benjamin Franklin who preaches to us in these sentences, the same which Ferdinand Kürnberger satirizes in his clever and malicious *Picture of American Culture*<sup>3</sup> as the supposed confession of faith of the Yankee. That it is the spirit of capitalism which here speaks in characteristic fashion, no one will doubt, however little we may wish to claim that everything which could be understood as pertaining to that spirit is contained in it. Let us pause a moment to consider this passage, the philosophy of which Kürnberger sums up in the words, "They make tallow out of cattle and money out of men". The peculiarity of this

philosophy of avarice appears to be the ideal of the honest man of recognized credit, and above all the idea of a duty of the individual toward the increase of his capital, which is assumed as an end in itself. Truly what is here preached is not simply a means of making one's way in the world, but a peculiar ethic. The infraction of its rules is treated not as foolishness but as forgetfulness of duty. That is the essence of the matter. It is not mere business astuteness, that sort of thing is common enough, it is an ethos. This is the quality which interests us.

When Jacob Fugger, in speaking to a business associate who had retired and who wanted to persuade him to do the same, since he had made enough money and should let others have a chance, rejected that as pusillanimity and answered that "he (Fugger) thought otherwise, he wanted to make money as long as he could",<sup>4</sup> the spirit of his statement is evidently quite different from that of Franklin. What in the former case was an expression of commercial daring and a personal inclination morally neutral,<sup>5</sup> in the latter takes on the character of an ethically coloured maxim for the conduct of life. The concept spirit of capitalism is here used in this specific sense,<sup>6</sup> it is the spirit of modern capitalism. For that we are here dealing only with Western European and American capitalism is obvious from the way in which the problem was stated. 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.

Now, all Franklin's moral attitudes are coloured with utilitarianism. Honesty is useful, because it assures credit; so are punctuality, industry, frugality, and that is the reason they are virtues. A logical deduction from this would be that where, for instance, the appearance of honesty serves the same purpose, that would suffice, and an unnecessary surplus of this virtue would evidently appear to Franklin's eyes as unproductive waste. And as a matter of fact, the story in his autobiography of his

conversion to those virtues,<sup>7</sup> or the discussion of the value of a strict maintenance of the appearance of modesty, the assiduous belittlement of one's own deserts in order to gain general recognition later,<sup>8</sup> confirms this impression. According to Franklin, those virtues, like all others, are only in so far virtues as they are actually useful to the individual, and the surrogate of mere appearance is always sufficient when it accomplishes the end in view. It is a conclusion which is inevitable for strict utilitarianism. The impression of many Germans that the virtues professed by Americanism are pure hypocrisy seems to have been confirmed by this striking case. But in fact the matter is not by any means so simple. Benjamin Franklin's own character, as it appears in the really unusual candidness of his autobiography, belies that suspicion. The circumstance that he ascribes his recognition of the utility of virtue to a divine revelation which was intended to lead him in the path of righteousness, shows that something more than mere garnishing for purely egocentric motives is involved.

In fact, the *summum bonum* of this ethic, the earning of more and more money, combined with the strict avoidance of all spontaneous enjoyment of life, is above all completely devoid of any eudæmonistic, not to say hedonistic, admixture. It is thought of so purely as an end in itself, that from the point of view of the happiness of, or utility to, the single individual, it appears entirely transcendental and absolutely irrational.<sup>9</sup> 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, so irrational from a naïve point of view, is evidently as definitely a leading principle of capitalism as it is foreign to all peoples not under capitalistic influence. At the same time it expresses a type of feeling which is closely connected with certain religious ideas. If we thus ask, why should "money be made

out of men”, Benjamin Franklin himself, although he was a colourless deist, answers in his autobiography with a quotation from the Bible, which his strict Calvinistic father drummed into him again and again in his youth: “Seest thou a man diligent in his business? He shall stand before kings” (Prov. xxii. 29). The earning of money within the modern economic order is, so long as it is done legally, the result and the expression of virtue and proficiency in a calling; and this virtue and proficiency are, as it is now not difficult to see, the real Alpha and Omega of Franklin’s ethic, as expressed in the passages we have quoted, as well as in all his works without exception.<sup>10</sup>

And in truth this peculiar idea, so familiar to us to-day, but in reality so little a matter of course, of one’s duty in a calling, is what is most characteristic of the social ethic of capitalistic culture, and is in a sense the fundamental basis of it. It is an obligation which the individual is supposed to feel and does feel towards the content of his professional<sup>11</sup> activity, no matter in what it consists, in particular no matter whether it appears on the surface as a utilization of his personal powers, or only of his material possessions (as capital).

Of course, this conception has not appeared only under capitalistic conditions. On the contrary, we shall later trace its origins back to a time previous to the advent of capitalism. Still less, naturally, do we maintain that a conscious acceptance of these ethical maxims on the part of the individuals, entrepreneurs or labourers, in modern capitalistic enterprises, is a condition of the further existence of present-day capitalism. The capitalistic economy of the present day is an immense cosmos into which the individual is born, and which presents itself to him, at least as an individual, as an unalterable order of things in which he must live. It forces the individual, in so far as he is involved in the system of market relationships, to conform to capitalistic rules of action. The manufacturer who in the long run acts counter to these norms, will just as inevitably be eliminated from the



economic scene as the worker who cannot or will not adapt himself to them will be thrown into the streets without a job.

Thus the capitalism of to-day, which has come to dominate economic life, educates and selects the economic subjects which it needs through a process of economic survival of the fittest. But here one can easily see the limits of the concept of selection as a means of historical explanation. In order that a manner of life so well adapted to the peculiarities of capitalism could be selected at all, i.e. should come to dominate others, it had to originate somewhere, and not in isolated individuals alone, but as a way of life common to whole groups of men. This origin is what really needs explanation. Concerning the doctrine of the more naïve historical materialism, that such ideas originate as a reflection or superstructure of economic situations, we shall speak more in detail below. At this point 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 (in the sense we have attached to it) was present before the capitalistic order. There were complaints of a peculiarly calculating sort of profit-seeking in New England, as distinguished from other parts of America, as early as 1632. It is further undoubted that capitalism remained far less developed in some of the neighbouring colonies, the later Southern States of the United States of America, in spite of the fact that these latter were founded by large capitalists for business motives, while the New England colonies were founded by preachers and seminary graduates with the help of small bourgeois, craftsmen and yeomen, for religious reasons. In this case the causal relation is certainly the reverse of that suggested by the materialistic standpoint.

But the origin and history of such ideas is much more complex than the theorists of the superstructure suppose. The spirit of capitalism, in the sense in which we are using the term, had to fight its way to supremacy against a whole world of hostile

forces. A state of mind such as that expressed in the passages we have quoted from Franklin, and which called forth the applause of a whole people, would both in ancient times and in the Middle Ages<sup>12</sup> have been proscribed as the lowest sort of avarice and as an attitude entirely lacking in self-respect.