

Capitalism and Socialism: Weber's Dialogue with Marx

The advance of modern industrial capitalism and consequent social developments are the dominant themes of Max Weber's sociological work. As early as 1893, Weber predicted that, within a few generations, capitalism would destroy all tradition-bound social structures, and that this process was irreversible. He described modern capitalism as an essentially revolutionary force and believed that it was not possible to arrest, by any means, its triumphal march. Much of his scholarly work was concerned with investigating the societal and cultural effects of industrial capitalism from the standpoint of their meaning for the future of Western liberal societies. Consequently, it was inevitable that Max Weber would confront Karl Marx's analysis of modern capitalism and his ideas about a future socialist society. Weber's sociology can be viewed as an attempt to formulate an alternative position standing in harmony with his own bourgeois-liberal ideals, but one that does not simply dismiss the socialist critique of bourgeois society as being without foundation.

Weber belonged to a generation that stood midway between the generation of Marx and our own. His socio-political views were formed under the influence of the extraordinarily rapid growth of modern industrial capitalism in the last decades before 1914. The development of large industrial combinations, trusts and monopolies, all typical of a maturing capitalist system, took place before his eyes, and he could not but note how this new reality conflicted with classical political economy's ideal image of capitalism. Although Weber did not ignore these developments, he remained throughout his life a passionate champion of a liberal brand of dynamic capitalism. Weber was perhaps Marx's greatest theoretical opponent, given the range of his sociological work he has been rightly called a 'bourgeois Marx'.¹

Weber occasionally referred to himself as 'a member of the bourgeois class'

who was 'educated in their views and ideals'.² In 1907, in an argument about the German Social Democrats, he requested expressly that Roberto Michels simply regard him as a 'class-conscious bourgeois'.³ Nevertheless, one hesitates, in the light of Weber's constant striving for critical self-examination, to call him a bourgeois in the ordinary sense of the word. Rather, to use his own terminology, he is better located in the intelligentsia, a social group that cannot be assigned to any of the economic classes. Weber was less a 'bourgeois' than a liberal intellectual for whom the autonomy of the individual was an indispensable principle, and it was from this perspective that he approached the nature of capitalism and Marxism. As a result, Weber's attitude towards capitalism as a total societal configuration proved to be thoroughly ambivalent; this will be shown in greater detail. Although he vigorously defended the capitalist system against its critics on the left (whether they were from the workers' movement or from those intellectuals whom he described as having succumbed to 'the romanticism of the general strike' or to 'revolutionary hope'), he did not hesitate to criticize the system's inhuman consequences.

The starting-point of Weber's analysis of modern capitalism was not as far removed from Marx as Weber himself assumed. His concern for the preservation of human dignity under the social conditions created by and typical of mature capitalism (particularly, the severe discipline of work and exclusion of all principles of personal ethical responsibility from industrial labour) is entirely consistent with Marx's effort to find a way of overcoming the social alienation of the proletariat under industrial capitalism.⁴ But Weber's sociological analyses of industrial societies led him to conclusions that were, in many respects, opposed to those of Marx.

It is hardly necessary to point out that Weber always took Marx's theoretical work seriously. Weber labelled the *Communist Manifesto* 'a pathetic prophecy', but at the same time, despite his decidedly different views, he considered it 'a scholarly work of the highest order'.⁵ Eduard Baumgarten reported that, in the last years of his life, Weber told one of his students:

One can measure the integrity of a modern scholar, and especially of a modern philosopher, by how he sees his own relationship to Nietzsche and Marx. Whoever does not admit that he could not accomplish very important aspects of his own work without the work that these two have performed deceives both himself and others. The world in which we ourselves exist intellectually is largely a world stamped by Marx and Nietzsche.⁶

Weber achieved his own intellectual position through constant grappling with these two completely opposite thinkers. Weber's pronounced aristocratic individualism can be traced largely to Nietzsche. This was held in check, of course, not only by Weber's liberal convictions, but also by the insight that the

fate of the individual is determined extensively by material and economic factors and to a very great degree is dependent upon anonymous socio-economic processes – an insight which is ultimately traceable to Marx.⁷

Nevertheless, it seems that in his early writings Weber paid little attention to the original writings of Marx and Engels.⁸ We find, however, an extensive treatment of Marx and Marxism in his early lectures on national economics in Freiburg in the 1890s, but they seem not to have had a direct impact on his published work. Up to 1906 he referred primarily to vulgar Marxist interpretations; direct references to Marx were almost totally absent. During these years he confronted Marx and Marxism primarily in his methodological writings. There, Weber distanced himself sharply and repeatedly from what was then called 'historical materialism'. In principle, Weber rejected all material philosophies of history. He considered these and other approaches that claimed to discover objective historical laws or even an inner meaning to history 'chatlatanism'.⁹ From his own standpoint, perhaps best characterized as a neo-Kantianism combined with Nietzschean principles, there could be no objective ordering of the historical process. In Weber's opinion the Marxist theory of history, which described historical change as a determinate sequence of social formations with each characterized by its respective mode of economic production and propelled by class conflict, lacked any scientific basis. For Weber, there were no objective laws of social reality. At best, it might be possible, with the aid of ideal types, to construct law-like theories of societal processes. These can serve as criteria for determining the degree to which certain segments of social reality depart from such nomological models.

Weber's radical position followed inevitably from the fundamental premise that history is meaningless in itself and that, at least from the standpoint of a random observer, it appears as more or less chaotic. Only when specific concepts and categories, formulated from the perspective of ultimate cultural values, are applied to a limited segment of reality (which in itself is limitless), does it become meaningful. Accordingly, Weber considered Marx's theory about the succession of different modes of production to be no more than a sociological hypothesis that provides essential insights into the nature and development of modern industrial societies, but on no account does Weber consider it as objectively valid scientific knowledge. In the former sense, namely as an ideal-typical construction, he regarded Marx's theory as extremely significant.¹⁰ On the other hand, he was not prepared to accept it as ontological truth. He expressed this in 'Objectivity in social science and social policy':

Liberated as we are from the antiquated belief that all cultural phenomena can be deduced as a product or function of the constellation of 'material' interests, we believe nevertheless that the analysis of social and cultural phenomena with special reference to

their economic conditioning and ramifications is a scientific principle of creative fruitfulness, and, if applied carefully and free from dogmatic restrictions, will remain so for a long time to come. However, the so-called 'materialistic conception of history' must be rejected most emphatically in so far as it is meant as a *Weltanschauung* or a formula for the causal explanation of historical reality.¹¹

In these remarks Weber did not differentiate between Marx and Marxist theory in his own time.¹² Marx's conception of a necessary and irreversible process, leading from feudalism to capitalism and eventually to socialism, was not a purely ontological statement; it was also a theory for practical orientation, requiring human action to become reality. Capitalist society comes into being only through the actions of the bourgeoisie, and without a socialist revolution carried out by the proletariat there can be no socialist society. This activist element in Marx's theory was obscured by the later interpretations by Engels and, finally, Kautsky.¹³ It was they who turned it into that rigid, mechanistic theory commonly called historical materialism.

When he wrote the above-quoted passages, Weber was apparently not fully aware of the substantial differences between Marx's theory and orthodox Marxist interpretations in his own time, even though it would appear that he discussed some of Marx's texts in his early academic lectures in the 1890s. A careful comparison of their methodological procedures¹⁴ shows that the two thinkers were actually not as antithetical as Weber himself claimed. Both Weber and Marx were concerned with extrapolating certain sequences of causal chains of events from the historical process. To be sure, unlike Marx, Weber emphasized that one could grasp only segments of social reality, never its totality. Weber thought it impossible, indeed dishonest, to go beyond the construction of ideal types: models that are used for describing particular historical sequences and for analysing their social effects and human consequences. In other words, from Weber's methodological perspective, claims about the objectivity of the historical process were fictitious. It is no coincidence that he repeatedly took offence at precisely this element of Marx's teachings. Weber considered this view of history to be false not only on epistemological grounds but also in principle, or, if one prefers, for ethical reasons highly questionable. In his view it fatally weakened the responsibility of the autonomous individual, who is called upon constantly to decide between different ultimate values. The belief that history is determined by objective processes seduces individuals all too easily into adapting to the presumed objective course of things, rather than remaining faithful to their own ultimate convictions and value-positions.

We also encounter this viewpoint in Weber's comments on the German Social Democrats.¹⁵ He repeatedly expressed utmost contempt towards them

precisely because they asserted persistently that world history was on their side and that, therefore, the victory of socialism over the bourgeois world was merely a question of time.¹⁶ Not only the liberalist Weber, but also the follower of Nietzsche, protested against such an orthodox variety of Marxism and vehemently rejected socialism dressed in pseudo-scientific garb which seemed to guarantee scientific certainty of final victory. On the other hand, he had the greatest respect for socialists who, regardless of the chances of success, fought for their ideals.

For Weber, Marxism was acceptable in only two forms: (1) as a political theory which, instead of invoking objective scientific truths, proclaims revolutionary struggle against the purportedly unjust social order on the basis of ethical convictions and without regard for the possible consequences for the individual, or (2) as a system of brilliant ideal-typical hypotheses, which in themselves deserve closest attention from all sociologists and which are capable of substantially advancing knowledge of modern societies.

A more detailed analysis of Weber's views of Marxism shows that Weber took exception, above all else, to the Marxist theory of 'superstructure'. Weber never accepted the thesis that all social phenomena could be explained sufficiently by relating them to economic causes: 'the common materialist view of history, that the "economic" is in some sense an "ultimate" in the chain of causation, is in my estimation totally worthless as a scientific statement.'¹⁷ Weber ignored the fact that Marx and Engels's position on this matter was much more sophisticated.

Weber held that social phenomena could not, even in the final analysis, be explained by economic causes. However, he did not express an idealist counter-position. Weber's famous essays on *The Protestant Ethic and the Spirit of Capitalism* are commonly viewed as an attempt to prove that idealist, and especially religious, factors play an independent role in the historical process. In 1918 Weber presented the results of this study in a series of lectures at the University of Vienna under the title, 'A positive critique of the materialist view of history'. However, he did this with thoroughly ambivalent feelings.¹⁸ He never claimed that his 'Protestant ethic' thesis completely answered the question of how and why industrial capitalism arose. He pointed out repeatedly that he uncovered only one group of factors among others that had contributed to the rise of capitalism.¹⁹ Incidentally, Weber drew considerably closer to Marx when he indicated that mature capitalism no longer needed the Protestant ethic. In almost Marxian language, he described modern capitalism as a social power that forces people to subject themselves to the social conditions it has created, regardless of whether or not they are willing. They have no choice; they must be professionals (*Berufsmenschen*) because modern industrial capitalism does not

permit otherwise.²⁰ In almost apocalyptic terms he argued that capitalism is forging the conditions for a new 'iron cage of serfdom', which humanity will have to occupy as soon as the current phase of dynamic economic growth has reached its natural limits.²¹ In describing the capitalist system's almost mechanical domination of man, which in the long run threatens to become a modern form of slavery, Weber came close to Marx's conviction that capitalism is an inhuman social order that contains the propensity for self-destruction.

On the other hand, Weber refused to identify this immanent trend in the capitalist system (which he endeavoured to define precisely using sociological methods) with an objective developmental law. The universal-historical perspective of an approaching age of bureaucracy recurs repeatedly in Weber's scholarly writings; however, it is never hypostatized into an ontological statement of a philosophy of history. Here, the decisive difference between Weber's and Marx's conceptions of history becomes obvious. While Marx, in Hegelian fashion, framed his analysis in an almost apodictically conceived theory of history (although partly with political intentions), for Weber every holistic view of the historical process had only a hypothetical quality, serving orientation but not understood by itself as true and immutable. Accordingly, Weber was only being consistent when he gave particular attention to those forces and tendencies which were counteracting this process and sought to discover the conditions under which these can display their optimal effectiveness.

Weber's reaction to individual elements of Marxist theory also conforms to this fundamental attitude. He accepted the thesis that the material conditions of existence pervasively determine human action only as a nomological model for the definition of concrete social conduct, but not as conceptualized truth; and it was precisely the significant deviations from this model that he sought to establish. With respect to the role of material and particularly economic interests, Weber was fundamentally pluralistic. Weber found that, even under industrial capitalism, development is not determined exclusively by 'material interests'. Alongside their dynamics stand the dynamics of 'ideal interests';²² every analysis must take both sets of factors into account. In his essays on the Protestant ethic and later studies of world religions, Weber was above all intent upon demonstrating that ideal interests can initiate social change of considerable magnitude; indeed, under certain circumstances they can have revolutionary effects although – or, better, precisely *because* – they have nothing in common with economic motivations.

On this point Weber perhaps stood furthest from Marx. In contrast to Marx, he was firmly convinced that individuals who are consciously guided by ultimate values of whatever sort – and the more these values stand in opposition to everyday reality, the more far-reaching their effects – can be an irreducible

force that reshapes a given social reality so as to conform with their ultimate values. Naturally, the actual results of such individual actions are conditioned by the specific social situation. But the original motivation of action cannot be explained perfunctorily by referring to the social conditions, which significantly shape the eventual results.

This concept of social change, which is directed primarily towards value-oriented actions of individuals or groups, corresponds to Weber's strictly individualistic thinking, and is, in principle, irreconcilable with Marxist theory. Nevertheless, there is common ground between Weber and Marx (at least with the *Philosophical Manuscripts* of 1844). In a brilliant essay, which still ranks among the best ever written on Weber, Karl Löwith has shown that both thinkers were concerned with the same central problem: how a dignified human existence can be secured under the conditions of industrial society. However, the realization that Marx was concerned equally with the liberation of 'alienated man' was obscured, in Weber's earlier work, by vulgar Marxist interpretations.²³

As a few scattered comments indicate, Weber doubted Marx's prognosis that, because of its inherent contradictions, the collapse of the capitalist system was inevitable. He believed that the pauperization theory, crisis theory and concentration theory were all unsound, and in this respect he agreed fully with contemporary critiques of Marxism. After a long and uninterrupted rise in real wages, the pauperization theory, even in modified form, was no longer tenable. Weber regarded the assumption that the transition to socialism would occur after a series of constantly intensifying economic crises with a mixture of disdain and irony, as can be gathered from his occasional polemical remarks about the 'so-called anarchy of production', which nevertheless produces tremendous material achievements.²⁴ Weber's lecture on 'Socialism' delivered to Austrian army officers in 1918²⁵ used arguments of then contemporary political economists (also those of Eduard Bernstein) in pointing out the likelihood of increased capitalist self-regulation through the formation of cartels, syndicates, and the like, which would reduce the intensity of recurrent economic crises.²⁶ Specifically, Weber contradicted Marx's view that further capitalist development would cause an inevitable polarization between the bourgeoisie and the overwhelming majority of the proletariat, absorbing all remaining social strata. Weber referred expressly to the rapid increase in "white-collar workers" and, hence, of bureaucracy in the private sector, a development which, he believed, indicated increasing differentiation within the workers' ranks as well as within the middle classes.²⁷ Consequently, Weber regarded the German bourgeoisie's fear of revolution as pitiable and the Social Democrats' slogans of revolutionary agitation as a symptom of both political immaturity and the backwardness of

the German political and social system, which denied workers political equality just as it denied them recognition as social partners of the entrepreneurs. Thus Weber repeatedly castigated the patriarchalism of German entrepreneurs, who could not free themselves from the authoritarian attitude towards their employees; he also considered them partially responsible for the radicalization of the workers.³⁷ Even so, Weber assumed that a socialist revolution was extremely improbable in his time. In his view, the Russian 'October Revolution' was a military revolt veiled in socialist drapery.³⁸

Quite apart from the question of the prospects for socialism, Weber rigorously disputed that the abolition of private appropriation of the means of production and the transition to a demand-oriented economy (*Bedarfsdeckungswirtschaft*), of whatever type, would substantially improve the lot of workers. Weber believed that the separation of workers from the means of production, which Marx emphasized so strongly, was by no means limited to a social order based on private property. Rather, he considered it to be an essential precondition of all modern, highly developed societies, capitalist or otherwise. 'It is', he argued, 'a serious error to think that this separation of the worker from the tools of his trade is something peculiar to industry, especially to *private* industry. The basic state of affairs is unaltered when the person at the head of the machine is changed - when, for example, a state president or prime minister controls it instead of a private industrialist.'³⁹ On the contrary, the separation of workers from the means of production exists in state-directed socialism just as much as in capitalism. In both, an increasing divergence of formal ownership and managerial control becomes manifest, a split which Weber saw as a mark of advanced industrial systems and which, as we will see below, he took as the starting-point for an ideal-typical theory of social stratification that differs significantly from Marxist theory.

From the foregoing, it can be concluded that Weber was convinced that neither private appropriation nor the uneven distribution of property can be regarded as the essential causes of the alienation and deprivation of the working classes. The elimination of private control over the means of production leaves the fundamental problem untouched, namely, the superiority of those in dominant economic positions who exercise control over the masses of workers. It is the problem of control, not the formal disposition of property, which is crucial. Therefore, Weber saw the roots of alienation, not in property relations, but in omnipotent structures of bureaucratic domination, which modern industrial capitalism produced in ever-increasing numbers. Accordingly, he considered the demand for abolition of private control of production to be a fetish, which ignored the true state of affairs and glossed over the fact that individual workers had nothing to gain by such measures. 'This would also be true

particularly of any *rationaly* organized socialist economy, which would retain the expropriation of all workers and merely bring it to completion by expropriating the private owners.'⁴¹ However, this would mean a further strengthening and bureaucratization of the economy and, indirectly, of the social system. Socialization would not liberate workers; it would make them more dependent upon those who control the means of production.

For workers it makes little difference whether the masters of the means of production are capitalist entrepreneurs or managers or government officials with entrepreneurial duties. In contrast to Marx's expectation that socialism would eliminate the profit motive, Weber soberly predicted that individual workers would continue to be concerned only with their constellation of personal interests, whatever the structure of the society. Weber aimed at demonstrating that nationalization of production would lead only to a shift of interest positions, and it would certainly not eliminate 'the domination of man over man'. Workers would be confronted with a new, still more powerful bureaucracy, and one far harder to control, whose members one might well call, with Djilas, 'the new class'. Consequently, any possibility of improving their concrete working and living conditions within the system would be further restricted. According to Weber, it made no basic difference whether the transition to a socialist, planned, demand-oriented economy was achieved by a revolutionary or evolutionary path. Such a transition would considerably curtail the chances of attaining a maximum of freedom, however understood.

In 1917 there was much discussion in Germany about whether the forms of the wartime economy, with their high level of government control, should be maintained after the war and gradually turned into a socialist system. Weber protested passionately against such suggestions.

A progressive elimination of private capitalism is theoretically conceivable, although it is surely not so easy as imagined in the dreams of some literati who do not know what it is all about; its elimination will certainly not be a consequence of this war. But let us assume that some time in the future it will be done away with. What would be the practical result? The destruction of the iron cage of modern industrial labour? No! The abolition of private capitalism would simply mean that the *top management* of the nationalized or socialized enterprises would become bureaucratic as well.

This would endanger a free society's chances of survival in an age of bureaucratization: for it is bureaucracy that poses the real threat to a humane society.

Together with the inanimate machine it [i.e. bureaucracy] is busy fabricating the cage of serfdom which men will perhaps be forced to inhabit some day, as powerless as the fellahs of ancient Egypt. This might happen *if* a technically good, i.e. a rational

bureaucratic, administration and provision of social services were to be the ultimate and sole value in the ordering of their affairs.³²

From a universal-historical perspective, Weber regarded the abolition of private ownership with great scepticism. In his view, nationalization of the means of production is incapable of contributing to a solution of the most pressing problem of our time. This is the question how, in the face of 'omnipotent tendencies towards bureaucratization . . . some remnants of "individualistic" freedom of movement' can still be rescued?³³ Nationalization would make the situation still worse and only lead to an increase in the power of functionaries, not of workers. 'It is the dictatorship of the official, not that of the worker, which, for the present at any rate, is on the advance.'³⁴

Yet Weber distinguished himself radically from Marx not only in his estimation of the chances for eliminating the structural deficiencies of industrial capitalism but also in his analysis of the nature of capitalist society. According to Weber, even mature capitalist societies are not as monolithically structured as the Marxist class model postulates. In principle he accepted the concepts 'class' and 'class struggle', unlike many of his bourgeois contemporaries, but he refused to assign them the dominant role that they play in Marx's theory.

Weber believed that class interest in the Marxist sense could be decisive in certain situations, but that this is not necessarily so. Only in extraordinary historical situations, according to Weber, are there collective class actions that conform unambiguously to this behavioural pattern, and even in such cases the population achieves nothing without the leadership of persons (normally intellectuals) from other classes. Weber resolutely rejected the so-called 'false class consciousness' solution of Georg Lukács, who held that segments of a class can be mistaken concerning their actual class interests and that these interests are established objectively. Weber considered this to be a pseudo-scientific strategy that obscured the key issues.

The fact that people in the same class situation regularly react in mass actions to such tangible situations as economic ones in the direction of those actions which are most adequate to their average interest is an important and simple fact after all for the understanding of historical events. However, this fact must not lead to that kind of pseudo-scientific operation with the concepts of 'class' and 'class interests' which is so common nowadays and which has found its most classic expression in the statement of a talented author, that the individual may be in error concerning his own interests, but that the 'class' is 'infallible' about its interests.³⁵

Weber also rejected Lukács's thesis because he was convinced that the social action of particular groups is never determined solely by economic interests. People do not always act in accordance with their objective class situation; they

are influenced by a multitude of other factors as well, including religious beliefs, traditional modes of behaviour and particular values. This means that, instead of class, much more differentiated explanatory models of social action are necessary to deal with the complexity of social relations in industrial societies. Although Weber feared that, in the long run, capitalism would become a rigidly monolithic and bureaucratic system of gigantic proportions, he was convinced, contrary to Marx, that capitalist societies are, in principle, pluralistically structured. Class conflicts play an essential role, but actual social developments depend on many other social factors, such as strong, dynamic leadership.

Especially within complex industrial societies, distinctions between the individual's class situation and class interests are generally not clear. This is reflected in the ideal-typical schema of class stratification developed by Weber in *Economy and Society*, which differs most significantly from Marx's approach.³⁶ Instead of a single model of class stratification, Weber developed three different models, each based on a different criterion: the disposition of property; 'the chance of utilizing goods and services in the market-place'; and the social status of the respective social groups or strata. From these criteria, Weber distinguished between property classes, economic classes and social classes. He did so to make clear that a class situation, defined as a set of shared interests of groups of individuals, is many-layered and totally unequivocal only in the exceptional case.

Weber also distinguished between property classes and commercial classes because, in his view, their social interests are quite different. A society based predominantly on class stratification according to property tends to stagnate, because the 'positively privileged classes' are composed primarily of *rentiers*, who draw fixed revenues from private property. As a result, their central interest is maintaining the status quo; they are threatened by rapid economic growth and strong economic competition. The 'negatively privileged classes' are, for the most part, either not free or directly dependent upon their masters. Because the *rentiers* are not interested in social change and the lower classes are unable to alter their lot, class stratification based on property is non-dynamic. However, this model is not ideally suited for describing class relations in industrial societies. A more adequate approach emphasizes the chances of a specific class being able to exercise control of the means of production and the chances of its being able to obtain goods in the market-place. Formal possession of property is not decisive in determining the economic and social position of the various social groups in a capitalist system; rather, the degree of their effective participation in the functions of economic leadership is the decisive factor. Admittedly, these functions are frequently closely associated with the

possession of property, but this is not necessarily so, particularly where highly specialized knowledge and managerial skills are of increased importance. Here also Weber distinguished between positively and negatively privileged classes, while groups such as craftsmen and independent farmers stand between them. The positively privileged classes consist of entrepreneurs, managers and members of the various professions 'with sought-after expertise or privileged education' (e.g. lawyers, scientists, physicians and artists), as well as, in rare cases, highly skilled workers who are not easily replaceable. The bulk of workers comprise the negatively privileged classes.

This bipolar model of class stratification, based on possession of property on the one hand and professional status on the other, is consistent with recent developments in industrial societies; science and technology are daily gaining in importance. Consequently the social status of those groups which supply the necessary specialized knowledge rises in importance, while the role of the formal proprietors of the means of production declines. What is the significance of this ideal-typical schema? First, under advanced capitalism, formal possession of property is less important than what Weber calls 'the monopolization of entrepreneurial management for the sake of the business interests' of one's own class.³⁷ Second, the two models show that even within the ruling classes of industrial societies there exists a great diversity of economic and political interests. *Rentiers* usually favour a stable economic system and, accordingly, are more likely to be politically conservative. On the other hand, managers, filling important entrepreneurial positions, are supportive of dynamism and rapid growth, and therefore they are often more liberal in their political attitudes and more flexible in their social behaviour.

Something similar can be said of workers. Weber concerned himself intensively with the progressive differentiation of status groups within the working class, and he pointed out that Marx, in his last years, also paid special attention to this issue.³⁸ Weber indicated that increasing differentiation would lead to corresponding differences in respect of economic interests and political views. Accordingly, he thought that the Marxist concept of class (i.e. that all social conflict is ultimately attributable to conflicts between capitalists and their various bourgeois accomplices on the one side and workers on the other) was not sufficiently differentiated to do justice to the extraordinarily complicated network of competing material interests within capitalist societies. Weber did not deny that there is class struggle and class interest within capitalist societies, but he disputed the contention that these factors alone determine how things develop. The status of particular groups or individuals within the production process, even more than the disposition of property, influences their interest positions within societal structure. The ideal-typical model of social-class

stratification that Weber developed, using social status as a standard, is designed to take account of this fact. Weber distinguished between four classes: (1) the working class; (2) the petty bourgeoisie; (3) the propertyless intelligentsia, highly qualified specialists and white-collar workers; and (4) 'the classes privileged through property and education'.³⁹ This classification is admittedly rather imprecise, but it indicates, none the less, that Weber made a clear distinction between class affiliation and social status and that he regarded them, to a certain degree, as independent variables.

At this point, our observations on Max Weber not only as a critic but also as a student of Karl Marx may be summarized as follows. Weber's objections to the Marxist solution to the problems of industrial capitalist society have been confirmed, in many respects, by the development of socialist systems. Today it is evident that eliminating private appropriation of the means of production does not solve the problems involved; it merely results in a displacement of the fundamental conflict of interests, determined by the technological constraints of industrial production, on to a different plane. Nationalization may lead to a replacement of the social strata in control of the means of production, but not, however, to the elimination or even the alleviation of the domination exercised by those groups over the working class. The problem of establishing effective social control from the point of view and in the interests of the bulk of the population proves much harder to solve in Marxist-Leninist societies than in the capitalist West. Accordingly, one must agree with Weber that, instead of the particular form of ownership, the omnipotence of bureaucratic structures (unavoidable as they are under modern industrial conditions) represents the real cause of alienation in the world of industrial work and jeopardizes personal freedom. Dispassionately Weber identified the crucial problem, namely that in socialism merely a new stratum of bureaucratic masters had gained control. His scepticism about the claim that socialist society would gradually engender a new type of man has also been justified. The insight expressed in his theory of the various types of class stratification – it is not property ownership but rather the degree of control of the entrepreneurial function that is of decisive importance – has turned out to be valid. The key issue, namely how a humane existence can be assured for the working classes in industrial societies, is just as pressing as ever in existing socialist systems.

However, Weber's criticism of socialist theories does not mean that he was satisfied with capitalist social conditions. To be sure, he did not regard the workers' situation in Marx's despairing terms, and he considered Marx's proposals for helping workers as highly problematic. Nationalization could not end class struggle because it would only modify the composition of the 'positively privileged classes', without significantly improving the lot of workers. Worse

still, workers henceforth would be subjected to the omnipotent control of anonymous government bureaucracies. These would be far more powerful than a multitude of private entrepreneurs, who, among other things, always have to reckon with government intervention in the case of serious class conflicts. 'While at present the political and private industrial administrations (of cartels, banks and giant concerns) stand side by side as separate bodies, and therefore industrial power can still be curbed by political power, the two administrations would then be one body with common interests and could no longer be checked.'⁴⁰

Weber faced this problem on an even more fundamental level. He doubted whether the humane ideals of socialism could ever be realized. In a highly developed industrial society, full emancipation of workers from the yoke of the owners of the means of production was, in his opinion, unattainable.⁴¹ This, of course, does not mean that he considered the social consequences of industrial capitalism, particularly with regard to the working class, to be in any way satisfactory. Accordingly, he had great sympathy with political movements that directed all their energies towards winning a maximum of social and political freedom for workers within a liberal, market-oriented capitalist economy.

Again the question arises of how the sphere of individual personality could be affirmed under capitalism and its great ally, modern bureaucracy, or, in other words, how the long-term dehumanizing tendencies of modern industrialism might be counteracted. At first glance, Weber's answer seems paradoxical. Starting from the conviction that there was no simple solution to this problem and that nationalization would only worsen the situation, he inclined towards making the best of the capitalist system rather than abolishing it.⁴² Weber defended liberal capitalism because it guaranteed a maximum of free competition on both the economic and social levels. His ideal was an expanding capitalist system with a high degree of social mobility and dynamism; he thought this would permit the greatest possible emancipation of the working classes. He considered two things vital: first, strengthening the dynamic factors within the capitalist economy, rather than encouraging bureaucratization through socialist measures; and, second, creating a truly democratic political system, in which all social groups would be given the opportunity to pursue vigorously their social and economic interests within the limits of legal order. Weber conceded readily to Michels that this solution left much to be desired, but he added that its attainment would be 'no small achievement'.⁴³

Weber's position contains problems, if not downright contradictions. On the one hand, Weber counted upon the dynamic effects of free competition in the economic as well as in the general societal realm, while, on the other, he viewed apprehensively the constant growth of cartels, trusts and other monopolistic

structures as typical forerunners of a bureaucratized economy. Weber never systematically discussed this contradiction. By 1906, at the latest, Weber questioned whether his model – in which conflicts of interest between the working classes and entrepreneurs were freely fought out in trade-union struggles – was not outdated in the face of the development of giant corporations and powerful employer organizations. He emphatically advocated suitable legislative measures to restore the equality of opportunity between the working classes and their unions and the entrepreneurs in their continual struggle over wages and working conditions. Of course, the free, spontaneous action of the working classes should be encumbered with the fewest fetters possible. Therefore, Weber would hear nothing of governmentally established consolidated unions or of arbitration bodies on which government officials would be represented. Likewise, Weber strongly supported progressive social legislation; this was not to serve ethical or moral ends, but rather during a period of growing entrepreneurial power it was supposed to improve the position of the working classes in their battle with entrepreneurs.⁴⁴

These observations could be generalized: the state should be, in some measure, a corrective to bureaucratization and petrification of the social fabric. This was one of the reasons why Weber emphasized so strongly the need for dynamic, future-oriented leadership and an effective system for the selection of qualified political leaders. It is open to question whether, under advanced capitalism, Weber would have favoured a liberal or interventionist economic policy, or, to put it bluntly, would he have given preference to Keynes or Friedman? We can find support for both views. In principle, Weber favoured the liberal model of freely contested conflicts within the confines of the rule of law. Yet, where the preconditions for this were imperilled, he did not hesitate to assign the state the task of intervening with appropriate corrective measures. Moreover, in Weber's view, as the political organization of society the state can be a source of dynamic economic growth and consequently of increased social mobility, though only by indirect means. Resolute and far-sighted politicians in top government positions are able, owing to their charismatic qualities, to set new goals for society and thereby counter routinization and petrification. This is also important because the underprivileged strata, especially the working classes, are particularly disadvantaged by economic stagnation and social petrification and their opportunities for emancipation are the first to suffer.

Such a solution presupposes that the government possesses a degree of independence from the economically powerful strata, or, in Marx's terms, that the state is more than just a tool of the ruling classes. Here, difficulties appear which are not resolved sufficiently in Weber's political sociology, and make his

conceptual alternative to Marxism appear vulnerable. Certainly, Weber was quite clear that one could not simply grant the state the function of a neutral agency in the conflicts of social interests within industrial society. His battle against Schmoller's policies in the Verein für Sozialpolitik was directed primarily towards destroying the illusion that the state could ever stand above the social classes. Occasionally Weber made this explicit.⁴⁵ In his view, it was important to organize the governmental system in such a way that all social strata and groups, aided by plebiscitary leaders who have the people's confidence, could achieve a due share in political decisions. Weber did not doubt that, through their leaders, the working classes were capable of exerting a definitive influence upon the control of the governmental apparatus, thereby improving their social situation by political means.

Aside from this, there is the question whether the state possesses a position of independent leadership as regards economic forces. In this respect Weber never clearly articulated his opinion. In principle he did not distinguish between the state and the various social or economic institutions of society. To them essentially the same sociological terms applied. Yet he believed the state to be superior to these other institutions because of its special legal privileges, in particular the right to employ physical violence; and it was, moreover, organized basically as an 'autocephalous' institution. The state ought to exercise its independent authority, particularly with respect to the economic sphere; instead of being constantly influenced by economic interests, it was, on the contrary, supposed to influence economic activities and dictate their political parameters.

Starting from these premises, Weber looked primarily to the political realm, rather than to profound changes of the capitalist economy, for a solution to the structural problems first addressed by Marx. In this connection Weber's advocacy of plebiscitary 'leader democracy', with a charismatic element, deserves special notice (something to which Herbert Marcuse has already drawn attention, although, in my estimation, accompanied with an unacceptable interpretation).⁴⁶ A formally democratic political system, led by far-sighted, energetic and skilled politicians with demagogic qualities, favoured a high degree of social mobility. Consequently, this system had indirect emancipatory effects upon the lower classes without ever breaking the rule that the actual exercise of power rests in the hands of small groups. Beyond this, it allowed the underprivileged, at least formally, the possibility of overcoming the disadvantages of their social condition by political means. Weber considered as utopian the socialist option (i.e. smashing the power of the state), formulated by Lenin and then put into practice. In the long term history has shown Weber, rather than Lenin, to be right.⁴⁷

Weber understood that there are possible socialist systems that would minimize the domination of workers by those controlling the means of production, for example, through extreme decentralization of economic organization and worker participation in management. Yet he believed that this could be achieved only under conditions that would have to do without both the regulatory mechanism of economic competition in the market-place and the money economy. Thus the cost of realizing certain socialist ideals would be a considerable reduction of formal rationality. Although Weber considered a variety of possible types of socialist societies, he assumed - and, so far, existing socialist systems have proved him right - that a socialist economy could survive only as a centralized, state-operated system.

State socialist economic organization, with its powerful bureaucratic machinery to control production, distribution and management, had, in Weber's view, obvious disadvantages when compared to the capitalist market economy (*Verkehrswirtschaft*). In *Economy and Society* Weber treated this problem in an ideal-typical schema. In a sense it was his last word on the relation between capitalism and socialism.⁴⁸ Weber contrasted the market economy with the planned economy. Although he explained clearly that it could not be determined on scientific grounds which of the two systems ought to be given preference, it is obvious that Weber believed market economies to be more effective. Socialist economic systems would have to cope with a considerable reduction in the formal accountability (*Rechenhaftigkeit*) of the production and distribution system, especially if they broke with the capitalist practice of market-oriented pricing. Although Weber expressed himself very carefully, his argument nevertheless returned again and again to the thesis that capitalism was infinitely superior to all known economic systems because it alone was capable of rationalizing all economic operations on a purely formal basis. If one chooses the standard of highest achievement as the criterion for judging the market economy against the planned economy, the former is far superior.

In contrast to some recent neo-Marxist interpretations, Weber was in no way inclined to glorify capitalism, and certainly not a capitalist system with a maximum of formal rationality in all its social dimensions. Closer analysis reveals that the pure type of market economy, as Weber developed it in *Economy and Society*, is anything but attractive and is not at all identical with that form of capitalism which Weber favoured. This model postulates that a maximum of formal rationality is attainable only if the following conditions are met:

- 1 'Constant struggle between autonomous groups in the market-place';
- 2 the rational calculation of prices under conditions of unrestricted competition in the market-place;

- 3 'formally free labour' (i.e. work performed on the basis of freely contracted wage agreements, as distinct from fixed salaries or the like);
- 4 'expropriation from workers of the means of production';
- 5 private ownership of the means of production.⁴⁹

The majority of these conditions were no longer sufficiently met under the advanced capitalism of Weber's time (assuming, for the moment, that they had been present in early capitalism, which apparently served as Weber's model). Was he then describing a ghost that already belonged to the past? Such a question fails to grasp the core of the issue. Weber intended to describe the specifics of capitalism in its pure form (a procedure which had methodological similarities to Marx). Thus Weber's process of concept formation must not be dismissed as a throwback to Manchester liberalism. As already mentioned, he conceded, indeed emphatically advocated, that under certain conditions deviations from the pure form of capitalist market economy would be necessary - deviations effected through appropriate state interventions and in some cases through a change in the legal and political parameters of economic activity. In a way, Weber anticipated the neo-liberalism of the 1950s. In fact, he influenced its leading exponents (e.g. Friedrich Hayek, Hannah Arendt and Alfred Müller-Armack) to a considerable extent.

By stressing formal rationality as its basic characteristic, Weber never intended to immunize modern industrial capitalism against criticism, as Herbert Marcuse and Wolfgang Iefèvre attempted to demonstrate.⁵⁰ Weber did not intend to elevate capitalism ontologically and thereby justify it ideologically, as Marcuse claimed. Marcuse's argument that Weber's emphasis on the formal rationality of all capitalist operations obscured capitalism's substantive irrationality is quite misleading. Weber discussed this very point repeatedly in *Economy and Society*, although not always without ambiguity.⁵¹ Weber distinguished explicitly between formal and substantive rationality, though perhaps not as consistently as the issue demanded. He was fully aware of the fact that a maximum of formal rationality was inseparably linked with substantive irrationalities, for example, 'the submission of workers to the domination of entrepreneurs'.⁵² Likewise he never obscured the true nature of 'formally free labour contracts', which are fundamental to capitalism; he described them neutrally as a special form of domination. Weber proceeded from the premise that under the conditions of mature capitalism formal rationality and substantive rationality are always in conflict with each other, just as in other economic systems; it depended on the concrete situation what compromises had to be made in order to find a balance between these antagonistic principles.

In developing such a conceptualization Weber cleared the path for a critique

of capitalism, a critique which rated substantive value-positions, regardless of their sort, more highly than the formal rationality of the system. He pleaded for practical measures of social reform rather than for radical remedies which would lead to the destruction of the capitalist market economy. He warned, however, that the implementation of substantive principles would bring an inevitable reduction in the efficiency and productivity of the economic system, or, to put it otherwise, they could be had only at a price. Proceeding from concrete substantive value-positions, he indicated that a large number of critical alternatives to the capitalist system were conceivable but in each case some reduction of the formal efficiency of the economic system must be accepted as part of the bargain - an argument he used occasionally against Roberto Michels.⁵³ The manifestly dogmatic point in Weber's position was his nearly boundless confidence in both the formally rationalizing effect of the economic struggle between competing groups in the market and, in a broader sense, the competition of political groups within society.

The typological dichotomy of the market economy on the one hand and different forms of socialist planned economics on the other was by no means an apology for industrial capitalism. Weber did not aim to refute the socialists and Marxists with this extremely formal typology. Rather, his goal was to provide a value-free clarification of the respective social costs and consequences that the two opposing systems unavoidably generate. Thus he stated: 'The purpose of the discussion has been to determine the optimal preconditions for the formal rationality of economic activity and its relation to the various types of substantive "demands" of whatever sort.'⁵⁴ Weber wished to make perfectly clear that deviations from the pure type of market-oriented competition in capitalist economy entail a necessary reduction in the formal rationality of the entire system or, in other words, a diminution of its economic efficiency.

Weber was certain that none of the conceivable theoretical models of ideal economic systems could be translated into social reality without compromising at least some of the aims and values which they were intended to serve. According to his position, it was, in principle, impossible to determine the best economic system. Moreover, 'substantive and formal (in the sense of exactly calculated) rationality', as he put it, were 'inevitably largely separate. This fundamental, and in the last analysis, inherent element of irrationality in economic systems is one of the important sources of all "social" problems and, above all, of the problems of socialism.'⁵⁵ As early as his Freiburg inaugural address, Weber had made it clear that happiness and peace could not be had on this earth,⁵⁶ and he stuck to this conviction for the rest of his life with a 'heroic pessimism' reminiscent of Nietzsche. Weber believed that a definitive answer to the question of the nature of a just economic order could never be found. For the

foreseeable future constant compromises between the principle of formal rationality and substantive value-principles seemed to be the only humane solution.

It should be evident why Weber never idealized capitalism, although he decided unequivocally in its favour. On the one hand, he was an enthusiastic partisan of capitalism as an economic system sustained by bourgeois values and as a source of rational social conduct largely experienced as binding; furthermore, he supported it as a system with a maximum of economic dynamism and social mobility. On the other hand, he was deeply concerned about the ultimate socio-political consequences of capitalism, which, in the long run, would inevitably undermine dignified human life founded on the principle of the free, autonomous personality. The cool and matter-of-fact analysis of modern industrial capitalism in *Economy and Society* corresponds to this perspective. Indeed, Weber did not hide the defects of capitalism, yet in his view there was no workable alternative. Despite the high regard he had for the motives of sincere socialists, he did not believe the Marxist prescription could solve the real problems of modern Western society. Despite all of capitalism's shortcomings, he preferred it to every conceivable form of socialist economy. He was convinced that socialists, in so far as they wished to be serious about realizing their moral principles, would either have to accept a considerable regression in both technology and civilization or else be compelled to create gigantic bureaucracies in the face of which the people, including the workers, would be unable to accomplish anything. Compared to any form of socialism, capitalism appeared to offer far better conditions for the survival of free societies in the age of bureaucracy.

Following this basic conviction, Weber spoke out consistently for the preservation of the capitalist system in the last years of the First World War and especially during the Revolution of 1918-19 in Germany. As early as 1916 he vigorously defended entrepreneurs against the mounting criticism of capitalism. The war could never have been waged so successfully without their services, and even in the post-war years it was necessary to retain the motto: no curtailment of entrepreneurial activity but 'more capital, more capitalist activity and dynamism'. In this way the economic losses incurred by the war might be made good again, and Germany's position in the world markets recaptured even in the face of superior competition from the United States.⁵⁷

However, during the German Revolution of 1918 he made significant tactical advances towards socialism in order to make a coalition with the progressive sections of the middle classes attractive to the Majority Social Democrats.⁵⁸ He admitted occasionally that some socialization was necessary under the prevailing circumstances. But, in principle, he always stuck to his convic-

tions that only a free dynamic entrepreneurial class could restore Germany's economy. Yet neither on the political nor on the theoretical level did he consider the dialogue with socialism to be definitely closed. He felt that the final word on this issue had not yet been spoken. Earlier, in 1911, he had planned to write an essay on Marxism for the Russian journal *Logos* which did not come about after all.⁵⁹ Now he intended to take up the topic again on a systematic level. For the summer term in 1920 at the University of Munich he had planned to deliver a lecture course on 'Socialism' and had already started on this when he died of pneumonia in June 1920.⁶⁰ Had Weber been granted a longer life, he surely would not have further postponed that systematic treatment of Marxism, which we look for in vain in his work; he would have set it forth, whether in the ambitious *Political Sociology* on which he was then working or as a separate inquiry. However, even in its present form, his sociological work can be regarded as an alternative to Marx's theory, one which is on a par with the latter in both breadth of vision and the rigour of its argument.

Clearly, any evaluation of Weber's critique of the Marxist idea should bear in mind that he only lived through the first years of the Bolshevik regime and, therefore, he lacked concrete experience of socialist systems. Regardless of this, his essential points are still worthy of consideration. His thesis - that the distribution of property is not as important as the groups who control entrepreneurial positions - deserves special attention, as today's stagnating communist systems demonstrate. The abolition of private appropriation of the means of production, under certain circumstances, may be the way of resolving the pressing problems of our time, but it could also make things worse. A modern theory of socialism must, above all, be able to handle the problem of how economic decision-making can be effectively controlled by the people at large instead of falling into the hands of indecisive bureaucrats or new authoritarian elites. In this respect, Weber's analyses deserve attention even from those who do not share his convictions.

Weber presented no simple recipes for restructuring capitalist societies in order to end working-class alienation and exploitation, but at least he emphasized the crucial problems. Thus we are thoroughly justified in calling him a liberal sociologist who matched his great intellectual opposite, Marx, in probing deeply into the problems of industrial capitalism.