



"Capitalism" in Recent German Literature: Sombart and Weber (Concluded)

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“CAPITALISM” IN RECENT GERMAN LITERATURE:
SOMBART AND WEBER—*Concluded*

MAX WEBER has none of Sombart's concentration of attention upon a single line of development. His researches extend over the whole of human history. He investigates the classic world, China, India, ancient Judea, and others. But it always remains his purpose to throw light upon the problems of modern society, and especially upon modern capitalism.²⁶ Thus in spite of methodological differences between the two scholars, the one working genetically, the other by the comparative method, with the aid of “ideal types,” the final object in view is the same, to understand the peculiarities of our modern economic and social situation. None the less the difference of method is, as I shall hope to show, responsible for some of the most important differences between the two authors.

The “ideal type” (*Idealtypus*) is Weber's special instrument of sociological analysis. He asserts that the historical social sciences are faced with an infinite variety of facts from which a selection for purposes of analysis must be made. The objective of these sciences is the knowledge and understanding of specific individual cultural phenomena in their uniqueness, as different from all others even of similar character. These “historical individuals”^{26a} he seeks to “understand” in terms of the human motives which have given rise to the social action summed up in them. The standard under which a group of actions is to be brought together as a historical individual is the “significance” (*Bedeutung*) of those actions for human ends and values. Hence the discovery of uniform relations and their formulation in terms of “laws” cannot be the objective of such a science.

That “understanding” Weber attempts to attain by means of the ideal type. It is a special *construction* in the mind of the

²⁶ See Karl Jaspers, *Max Weber: Gedächtnisrede* (Tübingen, 1921).

^{26a} The German term is *Historisches Individuum*. It refers to a cultural phenomenon in which many men may be involved.

investigator of what social action would be if it were directed with perfect rationality²⁷ toward a given end. It is not a reflection of actual behavior, since it is purposely a "fictitious" construction, which can never occur in reality. Nor is it an abstraction in the ordinary sense which operates under the assumption "other things being equal," for even with respect to the elements with which it specifically deals it makes assumptions contrary to fact. Nor can it be a hypothesis to be "verified," nor a general concept of a class (*Gattungsbegriff*) under which many "cases" may be included. It is a picture of what things would be under "ideal," not actual, conditions.

Given this instrument of analysis the investigator may compare with it the actual record of events in many different instances and thus attempt to "understand" them, each in its individual uniqueness, by seeing how far they conform to action rationally directed toward the given ends, and to distinguish such elements as are not "understandable" in these terms. Furthermore, the single ideal type is directed toward understanding, not the whole of the "historical individual," but only one side or aspect of it. A whole would thus be analyzed in terms of several ideal types. Finally, this ideal type is never the end of the scientific investigation, but always a *means* to understanding. It has no "reality" in itself; it does not "reproduce" reality, but is

²⁷ The "perfect rationality" meant by Weber may not always be a perfect, but rather a relative, rationality, the degree of which depends on the purpose for which the ideal type is constructed. It is always used to separate the relatively rational from the relatively irrational elements of the situation to be analyzed. However, the ideal type based upon the perfectly rational adaptation of means to given ends (what he calls *zweckrational*) is the most important class for Weber. As he says (*Wirtschaft und Gesellschaft*, 2 and 3): "For scientific analysis working with ideal types, all irrational, emotionally determined complexes of behavior, which influence action, are most easily investigated and presented as 'deviations' from a construction of the purely rational (with regard to means) order of occurrence in them." And again: "The construction of a strictly rational course of action serves the sociologist in these cases, on account of its evident understandability and lack of ambiguity, . . . as an ideal type for the purpose of understanding real action which is influenced by irrationalities of all kinds, in terms of their 'departure' from what the action would be if it were purely rational." Only in this sense is Weber's sociology to be considered rational. It makes no assumption as to the actual relative importance of the rational elements in social life.

a fiction, always involving assumptions purposely contrary to fact. Its function is to form a standard for the systematic selection, arrangement, and analysis of the historical facts.

In this process Weber does not exclude "values" from his consideration, but the whole point of his method is to analyze social action in terms of them, and to include in his analysis only what can be understood in such terms. But none the less he claims objectivity for his method, since it takes the values as given and attempts no ultimate judgment or criticism of them. He does, however, deal with them in attempting to refine the values he finds in history into ideal types of themselves.²⁸

Investigation of Weber's work,²⁹ however, has shown that while all this is true of one class of ideal type, there is another group of concepts which Weber calls ideal types, but which are of a quite different nature. They are directed toward *one particular* historical individual and are applicable only to it, are thus *historical* and not general concepts like the others. Secondly, they attempt to work out the *whole* "essence" of the thing, not just one side of it. Such a concept cannot be purely a means, but its construction must be in some measure the end of the investigation in question. That Weber calls both ideal types without distinguishing them leads to serious confusion, a confusion which is especially marked in his analysis of capitalism, as I shall show at the end of the discussion.

The propositions of abstract economic theory were thought by Weber to be ideal types in the first sense, a view perhaps not very different from its conception as an "engine of analysis" which has become common in English theory in recent times. In the latter of the two senses the "theory" of Sombart may be said

²⁸ This question of the objectivity of his type of social science is one of the most difficult aspects of Weber's position. It unfortunately cannot be discussed here. For his viewpoint see "Die Objectivitaet Sozialwissenschaftlicher Erkenntnis, *Ges. Aufsätze zur Wissenschaftslehre*, pp. 146 ff.

²⁹ For the best analysis of Weber's methodology see A. von Schelting, "Die logische Theorie der historischen Kulturwissenschaften von Max Weber usw.," *Archiv für Sozialwissenschaft und Sozialpolitik*, Bd. 49. Parts of Weber's own writings which deal with the problem of the ideal type are: several of the essays in the volume *Gesammelte Aufsätze zur Wissenschaftslehre* and the first part of "Wirtschaft und Gesellschaft," *Grundriss der Sozialökonomik*, Vol. III.

to consist of ideal types, of which that of capitalism was the most interesting for this paper. It is a picture of the rationalized and distilled "essence" of the epoch, free from all the irrationalities of the actual historical material. But it is definitely historical, not general.

Unlike Sombart, Weber never developed a unified theory of capitalism. In spite of the fact that a very large proportion of his sociological work was devoted to this problem, he left only a number of fragments which from our point of view are to be regarded as special investigations.³⁰ It is thus unavoidable that in piecing these together a certain element of construction should enter in.

At the outset there is the difficulty that Weber seems to have used the term "capitalism" in two different senses without clearly distinguishing them. It is necessary to analyze them both and to keep them distinct from one another. They may be called "capitalism in general" and "modern capitalism."

The first is, one may say, an ideal type in the former of the foregoing senses. It is a general concept in terms of which many different sorts of capitalism, such as, for example, colonial, finance, and political, may be analyzed. It is thus not a historical concept in the same sense as Sombart's capitalism, but stands above and beyond all historical periods, serving in the analysis and comparison of one aspect of many of them. It is built upon a general economic concept of capital which Weber defines as "goods which are devoted to securing a profit in exchange,"³¹ i.e., having about the same connotation as Boehm-Bawerk's "private capital." Thus capitalism is a system in which such goods are used, or play a prominent part, and may be defined most generally as a system of (rationally conducted) exchange for profit. It is a purely economic category, and Weber

³⁰ Those of Weber's works which bear upon this problem are above all the three volumes of the *Gesammelte Aufsätze zur Religionssoziologie*, especially the first essay, "Die protestantische Ethik und der Geist des Kapitalismus"; various parts of his great general work on sociology, *Wirtschaft und Gesellschaft*, the essay "Agrarverhältnisse im Altertum" in the *Ges. Aufsätze zur Sozial- und Wirtschaftsgeschichte*; and the *General Economic History* (English translation of *Wirtschaftsgeschichte* by Professor F. H. Knight).

³¹ *Agrarverhältnisse im Altertum*, p. 13.

explicitly excludes all social components, such as a factory system using free labor, etc., from it.

It is unnecessary to point out that this is not a solution of the problem of modern capitalism which has absorbed Sombart's attention and which is the subject of this paper. And Weber is quite clear about that. In spite of his continual references to capitalism in antiquity and other times, he is very careful to point out the vital differences between all those and modern society.

There is, however, some relation to modern conditions in that all capitalism is classed as essentially acquisitive. "A capitalistic action is one which is oriented to the exploitation of opportunities for profit in exchange, that is (formally) peaceful opportunities."³² Thus it is directed toward acquisition and not toward the satisfaction of need, driving the same "wedge" between the immediate and the ultimate end of economic action, as Sombart pointed out. But although capitalistic activity is directed toward acquisition, Weber refuses to identify capitalism or the spirit of it with a psychological instinct or impulse of acquisition. He says: "Capitalism may even be identical with the suppression, or at least the tempering, of this irrational impulse. But that does not mean that capitalism has nothing to do with acquisition. On the contrary, it is identical with the struggle for gain in a *continuous, rationally conducted capitalistic enterprise*, a struggle for ever renewed profit, for rentability. And it must be. In a capitalistic order of society as a whole an enterprise which did not strive for gain would be condemned to destruction."³³

Thus Weber emphasizes the same thing as Sombart: that capitalism forces the individual business man into the race for profit, not because he is venal by nature, not because it represents the highest values in life for him, but because his enterprise must earn profit or go under. It is the objective system to which the individual must conform if he wants to do business at all. The remarkable thing is that this objectivity appears at a point

³² *Wirtschaft und Gesellschaft*, p. 48.

³³ *Religionssoziologie*, I, 4.

where Weber is obviously speaking of capitalism in general, whereas Sombart makes it a characteristic of modern capitalism. The key may perhaps be found in the words "in a capitalistic order of society as a whole." Weber says there were capitalistic enterprises at many times and places, and hence, in a broad sense, capitalism; but he would maintain that only in the modern occident has there been a sufficient number of them to dominate society as a whole. Hence the difference between the different sorts of capitalism would be for him one of degree. But that is not the whole story, as will be shown presently.

In the foregoing quotation a further element has appeared which was not contained in his original definition of capitalism, but evidently applies to "capitalism in general." That is, the struggle for gain is in a "*continuous, rationally conducted* capitalistic enterprise." This rationality, by which he means neither "reasonableness" nor a high degree of theoretical scientific development, but a thoroughgoing systematization and adaptation of practical life to a particular set of ideals, indicates what features of modern society are of importance for his theory of capitalism. That it appears in his discussion of general capitalism indicates that he did not clearly distinguish in his own mind the two separate concepts of capitalism to be found in his work.

But even with this hint it cannot be capitalism in this simple form to which Weber refers as "the most fateful force in our modern life."³⁴ When one comes to inquire what he did mean by that statement one finds him analyzing a highly complex "constellation" of factors which together form a unique and unified whole, what he has called a historical individual.

His first contribution is a negative one, the definite exclusion of the "capitalistic adventurers" from any essential place in modern capitalism. Such people are, he says, found at all times, and are in no way peculiar to ours. The particular basis of their exclusion is the irrational character of their activity which is directly opposed to the systematic and rational spirit of modern capitalism. This indicates the most essential substantive difference between the theories of Weber and Sombart. Sombart's

³⁴ *Religionssoziologie*, I, 4.

spirit of enterprise is not for Weber harnessed to the chariot of capitalism, but remains outside it, even though it may appear prominently in capitalistic times.

The common characteristic of all the principal features of modern society, non-economic as well as economic, Weber sees in their peculiar type of rationality. Its principal institutions belong to his general type of "rational organization," or what he calls in a special sense "bureaucracy."³⁵ Its main characteristics are: rationality, resting on a complex, hierarchically organized division of tasks, each with a sharply marked-off sphere of "competence"; specialization of functions, whereby a special premium is placed upon expert knowledge of whatever kind it may be; and impersonality, in the sense that the ends which the organization serves are impersonal (acquisition, political domination, etc.) and that commands are given and obeyed by virtue of a "legal" authority vested in the position of the individual who gives them, not his personal qualities.

The two most important non-economic institutions for Weber are the modern state and modern science, both of which are organized on definitely bureaucratic principles. He particularly emphasizes this aspect of science, which was originally based far more on the purely individual accomplishment of genius.

The specific characteristic of modern capitalism on the economic side is what Weber calls the rational organization of free labor. "Only the occident has known rational capitalistic enterprise with fixed capital, free labor, and rational division and integration of labor, with a division of functions through exchange on the basis of capitalistic acquisition."³⁶ This is in turn the key to some other economic features of modern society. Of course modern capitalistic acquisition is achieved by at least formally peaceful means, and Weber emphasizes the aspect of stability as a condition of accurate calculation. This is largely

³⁵ "Bureaucracy" is here used in a more general sense than that of common speech. It refers to any large-scale organization of the sort indicated, and does not carry any of the implications of cumbersomeness, red tape, etc., which are so often associated with it. See *Wirtschaft und Gesellschaft*, pp. 125-30, 650-78.

³⁶ *Wirtschaft und Gesellschaft*, p. 96.

carried out by another typical feature of modern times, a rational system of bookkeeping.³⁷

The development of bookkeeping makes possible still another highly important phenomenon, the rigid separation of the private interests of the business man from those of the business unit; not necessarily a spatial separation, though this comes to be usual, but in thought and for purposes of calculation the individual is split into two. One is a producer who as such is part of a great mechanistic system with no individuality of his own. The other is a consumer who has still a part of his life left to devote to his family, recreation, cultural interests, etc. But the relations between the two tend to weaken, and the business side of life to run on its own tracks without regard to the private side.

It is Weber's peculiar view that this all-important bureaucracy is essentially the same phenomenon whether it appears in a great corporation, a government department, or a political party machine. Its spread rests primarily upon its purely technical superiority to all other forms of large-scale organization of human activity. Capitalism is, one may say, simply bureaucratic organization placed in the service of pecuniary profit.

Weber's view of the relation of bureaucracy to capitalism stands in close relation to the socialistic contention that in the transition from capitalism to socialism the state will tend to disappear. Weber would not put it quite that way, but would say that the sharp distinction between economic and political organization tended with the bureaucratization of economic life to fade out, and that the line of development was in the direction of a fusion of the two. The fusion is, moreover, characterized for Weber by the fact that the economic element comes to predominate over the political. The acquisitive nature of capitalism permeates all modern bureaucracy as distinguished from that of other times, and thus justifies the name "capitalism" as the most apt designation of modern society. The element of competition, which is of primary importance for Sombart, recedes quite into the background for Weber. In fact all the specific elements of

³⁷ Sombart also makes a great deal of this point, going very thoroughly into the history of bookkeeping methods. *Kapitalismus*, II, 1, 10 ff., 159-62.

capitalism which we think of as contrasting it with socialism—competition, private property, production for exchange, class antagonism between *bourgeois* and proletariat, although a part of Weber's theory—are of secondary importance as compared with the great central fact of bureaucracy. The final result of the development, a great unified organization in the service of economic production, would not be far from socialism as ordinarily conceived.

Bureaucracy is for Weber so fundamental as to dominate *all* aspects of modern society where large-scale administration is necessary. "Without its existence, for everyone who was not in possession of the necessities of life, would be impossible in any society with separation of workers from the means of their work and with the necessity for discipline and specialized knowledge."⁸⁸ Thus any conceivable society which retains the modern technical basis must inevitably tolerate it. Socialism, as already indicated, would not be an escape, but would mean an immense increase in the importance of bureaucratic organization. So in the aspect which is for Weber by far the most important, socialism is not fundamentally different from capitalism, but a further stage in the same line of development. It is on this basis, not on the ground of their difference, that he rejects socialism. This attitude toward socialism brings out perhaps more strikingly than anything else the fundamental difference between Weber's view of capitalism and the picture of "free enterprise" common in Anglo-Saxon countries. It is interesting to note that for all three, Marx, Sombart, and Weber, capitalism and socialism are intimately connected in the line of social evolution, but that only for the last two does the difference become very much less important than the common elements. That was not true of Marx.⁸⁹

The second principal element of Weber's theory, the spirit

⁸⁸ *Wirtschaft und Gesellschaft*, p. 128.

⁸⁹ There is in this view of Weber's a striking resemblance to Professor Schumpeter's view of "trustified society" as expressed in lectures at Harvard University. He states that Western society is developing toward a state to which the application of the term "socialism" would be a matter of taste.

of capitalism, takes its departure from the dominant fact of rational bureaucratic organization. In terms of it he wishes to explain its peculiar type of rationality. As already noted, that does not mean its "reasonableness." Whether it is so or not is for Weber's sociological treatment strictly irrelevant. What he means by the rationality of capitalism, then, is its nice adaptation of the whole way of life of the modern man to a particular set of values. The next task is concerned with the analysis of the nature and origin of that particular set of values, in order to show how economic life is to be understood in terms of them. These values, which for Weber are in the last analysis of religious origin, having done their work have disappeared and have left only the rationalized way of life, which Weber calls capitalism, behind them.

Weber's attempt to explain capitalism in terms of a particular set of ethical values at once brings out his attitude to the problems of the economic interpretation of history. The essay in which his view is presented⁴⁰ was intended to be a refutation of the Marxian thesis in a particular historical case by proving that capitalism could only be understood in terms of an ethics which preceded it in time. The interesting thing is that Weber puts the question in this way: that either a materialistic or a spiritualistic interpretation or a compromise between them must be accepted. There is no other way of looking at the problem. Here he is again on common ground with Sombart.⁴¹

⁴⁰ "Die protestantische Ethik, usw.," *Religionssoziologie*, Vol. I.

⁴¹ See below. In another sense Weber accepted the economic interpretation of history, namely, as a working principle. Outside the realm of pure economic theory he sees the principal task of economics as a historical discipline in the investigation of social phenomena on the assumption that the sole moving force is economic, leaving the restoration of balance to a wider synthetic view. On the other hand, the "sociology" of economic life has the opposite task of analyzing the influence of non-economic factors, religion, legal institutions, etc., on economic activity. Sociology and economics are thus for him correlative points of view rather than disciplines with separate subject matters. See *Objektivität sozialwissenschaftlicher Erkenntnis*, and Schelting, *op. cit.*, p. 705.

In other parts of his work (the *Religionssoziologie* taken as a whole) Weber backs up the thesis that capitalism is to be understood in terms of an ethics by asking the equally fruitful question: why did capitalism *not* appear at any other time or place than in modern Western society? His general con-

The first characteristic of the spirit of capitalism he finds in the entire absence of any connection with hedonism or utilitarianism. In fact from any hedonistic standpoint it is completely irrational. Its central point is the ethical obligation to earn more and more money, at the same time avoiding all spontaneous enjoyment of life as positively wicked. It involves a highly rationalized disciplining of one's whole life in the interests of this economic activity, which is thought of as an end in itself. Thus waste of time is on the same level with that of money as a sin against the discipline and self-control of a capitalistic existence. It is not, however, acquisition alone which is at the bottom of the thing, but acquisition is in turn the particular expression of another ideal, that of virtue and proficiency in one's "calling" or profession. It is the idea of duty in a calling which is the real kernel of capitalistic ethics.

It is evident that this is not simply an ideal of cleverness in business, but it is a truly ethical conception. It also has nothing to do with an impulse or instinct of acquisition, as has been pointed out before. Such an impulse has often been closely associated with a traditional manner of administering economic affairs, and traditionalism is the most deadly enemy of capitalism. The impulse was also never ethically justified, but rather was looked upon as having nothing to do with ethics, or as something undesirable, but unfortunately "human nature."

The only possible source of capitalistic ethics Weber finds in Protestantism, particularly in the "ascetic" branches of the movement. It shares both the otherworldly interest in salvation and the doctrine of the sinfulness of this world with the Catholic faith. To both the "natural man" is sinful and both are thus

clusion is that in several other cultures (for instance, China and India) the strictly economic conditions were at least as favorable to capitalistic development as they were in Europe, but that the economic spirit was in both cases, though in each for totally different reasons, so radically opposed to it as to account for its failure to appear. It is interesting to note that Weber particularly emphasizes the high degree of rationality of both the Chinese social morality and the ascetic discipline of India. But the original ethical values being so different, the outcome also was entirely different from capitalism. It may thus be seen that Weber's view, while based on his analysis of the protestant ethics, is reinforced by a comprehensive study of other societies.

fundamentally ascetic. But while Catholic asceticism took the form of outdoing worldly morality by complete withdrawal from the world, the Protestant considered it his duty to work in the world and to transform its order into rational activity in the service of God.

How the Protestant was led to this is best explained in Weber's own words:

Both the rationalization of the world (from a practical ethical, not a theoretical, standpoint) and the transfer of the road to salvation from the contemplative renunciation of the world to the active ascetic conquest of it were attained only in the great churches and sects of ascetic Protestantism in the West." It was due partly to the social environment, but "just as much to their genuine religious character: their God, definitely separated from the world, and the peculiarities of their means to salvation. . . . Where the religious believer was sent into the world as an "instrument" of God's will and thus cut off from all magical means to salvation, with the task of "proving" himself through the ethical quality of his actions within its order and *only* in that way, as chosen for eternal blessedness , the world might appear religiously to any extent sinful, might be deprived of value and rejected: psychologically it was accepted all the more as the scene of activity in a "calling" willed by God. For this worldly asceticism was to be sure unworldly in the sense that it condemned and fought against the good things of this world like beauty and dignity, intoxication and dreams, worldly power and heroism, as competitors of the Kingdom of God. But precisely for that reason it did not flee from the world as contemplative religion did, but sought to carry out the commands of God by rationalizing the world in the sense of its ethics, and thus remained in a peculiar sense even more "worldly" than the naïve acceptance of the world of unspoiled antique humanism or of lay Catholicism. Precisely in everyday life was the state of grace to be proved. To be sure, not in everyday life, as the believer found it, but in routine action as it had been methodically *rationalized* in the service of God. Everyday activity rationally turned into a calling was the proof of salvation. The sects of religious believers in the occident were the ferment for the rationalization of the whole of life, including economic activity, not like the Asiatic communities of contemplative, orgiastic, or apathetic mystics, outlets for the longing to escape from the senselessness of worldly activity.⁴²

In its practical effects this view of life could not help fostering capitalistic (in Weber's sense) development. It did not object to the acquisition of wealth in itself, and recommended a

⁴² *Religionssoziologie*, I, 263-64.

way of life extremely favorable to it. And in the course of time the pressure of the question of individual salvation led people to look upon success in business enterprise as a sign of grace. It was argued that God would surely be good to his chosen ones in this world as well as the next. This attitude meant a great incentive to the acquisition of wealth, and is also, perhaps, one source of the rather smug self-righteousness often thought typical of the *bourgeois*.

On the other hand, Protestantism long retained its ascetic character. It favored discipline, orderliness, frugality, temperance, and condemned everything spontaneous and unsystematic. It thus favored the development of those uniformly regimented forms of life which are an ideal basis for the standardization of production and consumption so important for capitalism. Furthermore, it looked upon the individual, not as the owner of wealth, but as its trustee, which was a force greatly inhibiting spending and extravagance, and extraordinarily favorable to the accumulation of capital. It released acquisition from the bonds of traditional ethics and it looked upon it, not only as permissible, but as directly willed by God.

Finally, says Weber, "While the Puritan wanted to lead this rational, ascetic life, we are forced to do it."⁴³ The religious values which gave it meaning have for the most part disappeared. They have left behind them an automatic, mechanistic system where the place of work in the service of the glory of God has been taken by the fetish of "production." The result has been that "the material goods of this world have gained an increasing and finally inexorable power over the lives of men, as at no previous period in history."⁴⁴ Here again is the objective system of capitalism to which the individual must conform whether he will or no. And we have a statement, applying not to history in general, but to modern capitalism, which looks very much like the Marxian economic interpretation of history. On both these highly important points Weber and Sombart are agreed.

Now, of what significance is this theory of the spirit of cap-

⁴³ *Religionssoziologie*, I, 203.

⁴⁴ *Ibid.*, I, 203-4.

italism for Weber's view of capitalism as a whole? He repeatedly states that he is not to be thought to mean that Protestantism is the sole historical cause of capitalism.⁴⁵ In other places he discusses many other factors to which he ascribes great importance. But it is not the historical question with which I am concerned. And for the other question, that of the nature of capitalism as a system of economic life, there is no doubt that Weber considered the spirit of capitalism as decisive, as expressing the essence of the system, the core around which everything else is built, and as the creative force of capitalism.

Thus the first important characteristic of the system as a whole is its objectivity. The individual member of it does not need to will it, but is forced by the circumstances in which he is placed to abide by its rules. And secondly it is a rational system, all activity being adjusted to the values expressed by the capitalistic spirit in a relatively exact adaptation of means to ends. It is only in relation to the ultimate validity of those values that there is room for doubt. This rationality is expressed in the extreme discipline and self-control of the whole life of every individual in it. Thirdly, this rational, objective system is ascetic, which means fundamentally that the individual's own good is not taken as a norm of action, but rather something beyond him. Originally it was the glory of God, but through the fading out of the religious background it becomes economic activity for its own sake, "productivity" and "service." At one end of the scale man is an instrument of God's will. At the other, man, entrepreneur and workman alike, is an instrument for the production of economic goods.

Fourthly, the system is mechanistic. Man becomes a specialist to such an extent that he is only one tiny cog in a great machine, and a cog for which any other similarly trained one might be substituted. Human relations become more and more

⁴⁵ There has been a great deal of discussion on this point. Many historians, and some economists, especially Brentano (*Anfänge des modernen Kapitalismus*), in their anxiety to point out faults in Weber's historical analysis, have on the one hand overestimated the *historical* importance of the Protestant ethics for Weber himself, but on the other have overlooked its great *theoretical* significance for his view of capitalism. It is important to keep these two aspects distinct.

matter-of-fact, impersonal, contractual. It is a society in which the element of *Gesellschaft* in the sense of Tönnies and Weber definitely predominates over that of *Gemeinschaft*,⁴⁶ or, to put it into English terms, the element of "society," in the sense of relationships deliberately entered into, for a specific purpose, prevails over "community," or those relationships in which man finds himself placed by his natural environment, his psychological nature and tradition.

Finally, the system further resembles a mechanism in that it follows its own laws independently of human will. This reversal of the "natural" relationship between men and things is one of Weber's versions of the economic interpretation of history.⁴⁷ He definitely rejects the doctrine as a general theory of historical causation and in particular as an explanation of the genesis of capitalism. But he does accept economic determinism as a characteristic of capitalism, and thus gives it a relative validity.

The development of capitalism is not, in Weber's theory, an event unique in history and unconnected with other things; but it forms a logical end of the process dominating the whole of history: what he calls the process of rationalization. The process does not appear only in the development which leads to modern capitalism, but in all other lines of cultural development as well. His picture is not that of a single line of evolution leading from the earliest known human culture to modern capitalism, but rather of a number of different ones, branching off from a common trunk but developing in different directions. Each, however, is undergoing a process of rationalization in terms of the particular set of values by which it is dominated. The rationality of capitalism represents the final stage of the development in one direction, namely, toward the realization of the spirit of capitalism. It is in this form of separate lines of development each dominated by a set of values of its own that the "morphological"

⁴⁶ See F. Tönnies, *Gemeinschaft und Gesellschaft*. Also Weber, *Wirtschaft und Gesellschaft*, pp. 21-23. It is a distinction which has come to be of primary importance in German social thought. It is of course implicit in Sombart's work.

⁴⁷ For the other see above, footnote 41.

conception of a separate and distinct culture plays its most important part in Weber's view of history.⁴⁸

This process of evolution is very clearly seen in Weber's treatment of the relation between "Charisma"⁴⁹ and routine (*Alltag*). Charisma he defines as: "a quality of a personality generally considered out of the ordinary . . . , on account of which its bearer is looked upon as possessed of supernatural or superhuman, or at least specifically unusual, powers or qualities, which are not accessible to the ordinary person; or as appointed of God, or a model to be imitated, and thus looked up to as a "leader."⁵⁰ It is the type of leadership which appeals to the specifically non-rational elements of human nature, whose claims to obedience rest upon the purely personal authority of the leader, not on his ability to "convince" by rational argument. On the other hand it is, because of its out-of-the-ordinary nature, the specific enemy of tradition. It is, says Weber, "the specifically revolutionary force in history."⁵¹

Weber analyzes routine organization in terms of two main types: the traditional, of which the main subtype is the patriarchal, and the rational, legalized, or bureaucratic. All social movements start from charismatic sources, but there is always a tendency to reduce them in the course of time to some form of routine. The final result will be a tradition-bound or a mechanized bureaucratic society, with a general tendency for the former to be an earlier stage leading to the latter, as Weber thinks has happened in Western society.⁵²

Charisma has been by no means foreign to economic affairs. The whole "romantic" side of capitalism, the spirit of enterprise on which Sombart lays such emphasis, is thoroughly saturated

⁴⁸ This is most strikingly brought out by the *Religionssoziologie* taken as a whole.

⁴⁹ Charisma is a term and conception introduced by Weber himself into sociology. It is taken from the Greek *χάρισμα* meaning a "mission." It has been introduced to American readers by Robert Michels in his book on *Political Parties*, and recently in an article in the *American Political Science Review*, 1927.

⁵⁰ *Wirtschaft und Gesellschaft*, p. 140.

⁵¹ *Ibid.*, p. 759.

⁵² See *Religionssoziologie*, I, 267-73; *Wirtschaft und Ges.*, pp. 122-76.

with it. Weber also admits that it has played an important part in the historical development of capitalism, but emphasizes strongly that it must be sharply distinguished from the rational, systematic *bourgeois* spirit which is for him the essence of capitalism. Capitalistic development has meant by and large the destruction of the charismatic elements of social life. The whole of it has come to be dominated by settled routine, and predominantly of the rational, bureaucratic, rather than the traditional, type. It is this which is the ground of Weber's pessimism. He holds that the really vital human forces appear only in charismatic forms, and that the very nature of social development progressively eliminates the possibility of the further appearance of such forms. Capitalism presents a dead, mechanized condition of society in which there is no room left for these truly creative forces because all human activity is forced to follow the "system."

But is Weber entirely right in this pessimism? That such a process of rationalization has taken place in many phases of human culture is beyond doubt, and that it has been in some degree continuous throughout history is true in spite of Sombart. In projecting this process beyond the limits of modern capitalism Weber has certainly gone an important step beyond Sombart. It may, however, be doubted whether Sombart is not nearer the truth in emphasizing the discontinuity and uniqueness of some elements. Surely Weber puts the question in a false form when he denies any possibilities other than that either the spiritual forces (charisma) or the material conditions (in this case the rational bureaucratic machine) must dominate society. This is a too ready acceptance of the alternatives of the economic interpretation of history, of which Weber's version is that there is a process of evolution from the predominance of the spiritual forces to that of the conditions of production, or more accurately the mechanism of social control, which for him would be of a predominantly economic nature only in the case of capitalism. But is it not possible that all manner of combinations between them are possible, and that the present-day power of the bureaucratic mechanism is due to a very special set of circumstances

which do not involve the necessity for its continued dominance over life, but leave the possibility open that it may again be made to serve "spiritual" aims? Weber does not admit this possibility, but to him it would be the only hope for Western society, for no one was more insistent than he on the impossibility of returning to precapitalistic conditions.

Moreover, is it certain that these two are the ultimate factors in social development? It seems that Weber's difficulties come in part from assuming that they are. Assuming the reality of the process of rationalization, it may well be that it applies, not to the human spirit as a whole, but only to certain elements of it. Perhaps also the "material" side is composed of various elements only one of which is subject to the tendency to develop "bureaucratic" forms. Weber's own conception of traditional forms would indicate this possibility. It may be, not as he tends to make it, a transitional stage in development, but an independent and permanent element in social life.⁵³ Certainly in this direction are great possibilities of further scientific progress.

Finally, another cause of Weber's difficulties lies in his method. He wishes to work in terms of a comparative sociology by means of ideal types. He thus takes sections and aspects of all sorts of societies away from their context and tries to compare them, but in so doing he loses the very thing he is looking for, the very individuality which they can have only in that context. Thus he speaks of the various sorts of capitalism, of bureaucracy, and so forth. On the other hand, in his treatment of the spirit of capitalism he follows an entirely different procedure. Here he works out as an organic whole, as an "historical individual," a set of ethical ideals, and tries to understand contemporary civilization in terms of them. This sort of capitalism is unique, existing only in modern times in Western society. But on trying to develop this concept he comes into conflict with his other conception of "capitalism in general" and is unable to reconcile them. He does, however, try, and in the attempt he is forced to

⁵³ A notable attempt at further analysis of the factors, prompted largely by the problem of Max Weber's process of rationalization, has been made by Alfred Weber, "Prinzipielles zur Kultursoziologie," *Archiv fuer Sozialwissenschaft und Sozialpolitik*, Vol. XLVII (1920-21).

characterize modern capitalism in terms of one feature, the rational organization of labor, superimposed upon his capitalism in general. But this feature loses its original nature as a "fictitious" ideal type and becomes identified with historical reality. Because it originates as an ideal type it is impossible to establish an organic connection between it, on the one hand, and the spirit of enterprise and several other features of modern society on the other, because they belong for him in quite different and distinct sociological categories. And the tendencies of development which he works out for this isolated element of society he tends to hypostatize as true for society as a whole. In doing so he does violence to the facts and presents a picture different from what it would have been had he not been forced by his method to break up the organically connected historical individuals with which he started.

The real trouble is that Weber treats as "ideal types" two fundamentally different sorts of concepts. The one deals with generalized "aspects" of phenomena for comparative purposes, the other with unique historical epochs, cultures, etc., as wholes and by and for themselves. Because he does not clearly distinguish these two types of concepts he constantly wavers between them. Because the second class of ideal type does have a historical significance he does not strictly adhere to his methodological principle that a *general* ideal type is purely a fiction, a means to further analysis, and has no reality in itself. In fact his "capitalism in general," and more especially his "bureaucracy," which start off as such ideal types, come in the end to have this definite historical reality from which he deduces very important consequences. In thus attempting to apply a method suitable only for comparative purposes to the analysis of a culture as a whole he seriously confuses the picture which he gives. I think there is no doubt that the logical basis of Weber's iron-bound process of rationalization lies in the isolation of one aspect of social development and the attribution of historical reality to an ideal type which was never meant to represent it. If this error is corrected the absolute domination of the process of rationalization over the whole social process falls to the ground.

In conclusion, the significance for social science in general of the work of Sombart and Weber is to be sought in four principal directions:

1. As far as general social theory is concerned, it bears most directly upon a set of problems which are not primarily economic, but are certainly, in a broad sense, sociological, namely, those growing out of the economic interpretation of history. I have attempted to show the great importance of the influence exercised by the Marxian thesis in shaping the views of these men. In fact, German sociology, in so far as it aims at an appraisal of the moving forces in social life, has its starting-point to a very large extent in Marx. Here is a set of problems which sociology cannot afford to neglect.

2. It bears upon some important methodological questions concerning this peculiar type of "historical theory." Its aim is to throw light on the individuality of "historical individuals," periods, epochs, cultures, institutions. Sombart attempts it by a "genetic," Weber ostensibly by a comparative, method, but really by a combination of both. Are the two methods supplementary to each other, or mutually contradictory? We have seen the confusing results of Weber's failure to distinguish them.

3. With regard to the positive problem of capitalism itself, Western analysis of modern economic society has been largely concerned with the application of general economic theory to it. This, no matter what its value for other purposes, has tended to blur over its distinctive features as compared with other historical or theoretically possible types of economic order. Even historical analysis has operated largely from the viewpoint of unilinear evolution. So it seems to me that the totally different approach of these investigators merits serious attention and should prove very fruitful.⁵⁴ Furthermore, the positive results

⁵⁴ Professor Allyn Young ("Economics as a Field of Research," *Quarterly Journal of Economics*, November, 1927) recognizes the validity of this type of "historical" economics, but gravely questions its claim to objectivity, because the problem of selection and evaluation of facts involves an element of "aesthetic construction" which is certain to be influenced by the personal equation of the investigator. It is, perhaps, significant that the three men here discussed, Marx, Sombart, and Weber, were, although from different points of view, all strong antagonists of capitalism. No doubt that suggests some connection between

which are common to both authors, the objectivity of the capitalistic system, its connection with ethical values, and the peculiar predominance of economic influences under capitalism, have received a wide acceptance in Germany and merit much more discussion than they have had in this country.

4. However exaggerated Weber's view of the dominating importance of "bureaucracy" may be, it certainly calls attention in a most striking way to an aspect of our modern society which we have all felt to be there, but which has received far less attention from the economists than it deserves. Orthodox economic theory does not furnish the technique or set of concepts necessary for its study. Weber, with his sociology of ideal types, has made an attempt to grapple with the problem which deserves recognition and which should lead to much further investigation.

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their interest in the problem of capitalism and their dislike of the fact. The problems here raised cannot be briefly dismissed, and I do not think it can be said that they have been satisfactorily worked out.