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WEBER’S LAST THEORY OF CAPITALISM: A SYSTEMATIZATION*

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A systematic formulation is given of Weber’s theory of the origins of large-scale capitalism, based upon the lectures given just before his death. This last theory is predominantly institutional, unlike the emphasis upon religious ideas and motivations in his early Protestant Ethic thesis, and unlike his analyses of the world religions. Weber’s institutional theory involves a sequence of causal conditions. The outcome of the sequence is capitalism characterized by the entrepreneurial organization of capital, rationalized technology, free labor, and unrestrained markets. Intermediate conditions are a calculable legal system and an economic ethic combining universal commercialization with the moderate pursuit of repetitive gains. These conditions are fostered by the bureaucratic state and by legal citizenship, and more remotely by a complex of administrative, military, and religious factors. The overall pattern is one in which numerous elements must be balanced in continuous conflict if economic development is to take place. Weber derived much of this scheme in explicit confrontation with Marxism. His conflict theory criticizes as well as deepens and extends a number of Marxist themes, including a theory of international capitalism which both criticizes and complements Wallerstein’s theory of the world system.

Max Weber had many intellectual interests, and there has been considerable debate over the question of what constitutes the central theme of his life work. Besides treating the origins of capitalism, Weber dealt extensively with the nature of modernity and of rationality (Tenbruck, 1975; Kalberg, 1979; 1980; Seidman, 1980), and with politics, methodology, and various substantive areas of sociology. Amid all the attention which has been paid to these concerns, one of Weber’s most significant contributions has been largely ignored. This is his mature theory of the development of capitalism, found in his last work (1961), General Economic History.

This is ironic because Weber’s (1930) first major work, The Protestant Ethic and the Spirit of Capitalism, has long been the most famous of all. The argument that the Calvinist doctrine of predestination gave the psychological impetus for rationalized, entrepreneurial capitalism is only a fragment of Weber’s full theory. But many scholars have treated it as Weber’s distinctive contribution, or Weber’s distinctive fallacy, on the origins of capitalism (e.g., Tawney, 1938; McClelland, 1961; Samuelsson, 1961; Cohen, 1980). Debate about the validity of this part of Weber’s theory has tended to obscure the more fundamental historical and institutional theory which he presented in his later works.

The so-called “Weber thesis,” as thus isolated, has been taken to be essentially idealist. Weber (1930:90) defines his purpose in The Protestant Ethic as “a contribution to the manner in which ideas become effective forces in history.” He (1930:183) polemically remarks against the Marxists that he does not intend to replace a one-sided materialism with its opposite, but his correcting of the balance sheet in this work concentrates largely on ideal factors. The germ of Weber’s institutional theory of capitalism can also be found in The Protestant Ethic (1930:58, 76). But it remained an undeveloped backdrop for his main focus on the role of religious ideas. The same may be said about his (1951; 1952; 1958b) comparative studies of

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1 The list of institutional characteristics given on pp. 21–25 of the English-language edition of The Protestant Ethic (1930), however, are not in the 1904–5 original, but are from an introduction written in 1920 (1930:ix–x).
the world religions. These broadened considerably the amount of material on social, economic, and political conditions, but the main theme still stressed that divergent ideas made an autonomous contribution to the emergence of world-transforming capitalism in the Christian West rather than elsewhere in the world. Thus, Parsons (1963; 1967) treats these works as extending the early Weber thesis from Protestantism to Christianity in general, describing an evolution of religious ideas and their accompanying motivational propensities from ancient Judaism up through the secularized achievement culture of the modern United States.

From these works, and from (1968) Part II of *Economy and Society*, it is possible to pull out an extensive picture of institutional factors which Weber includes in his overall theory of capitalism. But *Economy and Society* is organized encyclopedically, by analytically defined topics, and does not pull together the theory as a whole. There is only one place in Weber’s works where he brings together the full theory of capitalism as a historical dynamic. This is in the *General Economic History*, and, especially, in the 70-page section comprising Part IV of that work. These lectures, delivered in the winter and spring of 1919–20, before Weber’s death that summer, are Weber’s last word on the subject of capitalism. They are also the most neglected of his works; *General Economic History* is the only one of Weber’s major works that remains out of print today, both in English and in German.

One important change in the *General Economic History* is that Weber pays a good deal more attention to Marxian themes than previously. This is a significant difference from the anti-Marxist comments scattered through *The Protestant Ethic* (e.g., pp. 55–56, 61, 90–91, 183). In the *General Economic History*, Weber reduces the ideal factor to a relatively small place in his overall scheme. During this same period, to be sure, Weber was preparing a new introduction and footnotes for the reissue of *The Protestant Ethic* among his collected religious writings, in which he defended his original thesis about Calvinism. But his claims for its importance in the overall scheme of things were not large, and the well-rounded model which he presents in *General Economic History* does not even mention the doctrine of predestination. Instead, what we find is a predominantly institutional theory, in which religious organization plays a key role in the rise of modern capitalism but especially in conjunction with particular forms of political organization.

In what follows, I will attempt to state systematically Weber’s mature theory of capitalism, as it appears in the *General Economic History*, bolstered where appropriate by the building blocks presented in *Economy and Society*. This argument involves a series of causes, which we will trace backward, from the most recent to the most remote. This model, I would suggest, is the most comprehensive general theory of the origins of capitalism that is yet available. It continues to stand up well in comparison with recent theories, including Wallerstein’s (1974) historical theory of the capitalist world-system.

Weber himself was primarily concerned with the sensitizing concepts necessary for an interpretation of the unique pattern of history and, in his methodological writings, he disavowed statements in the form of general causal principles (cf. Burger, 1976). Nevertheless, Weber’s typologies contain implicit generalizations about the effects of institutional arrangements upon each other, and statements of cause-and-effect abound in his substantive writings. There is nothing to prevent us from stating his historical pic-
ture of changing institutional forms in a more abstract and generalized manner than Weber did himself.

Weber’s model continues to offer a more sophisticated basis for a theory of capitalism than any of the rival theories of today. I put forward this formalization of Weber’s mature theory, not merely as an appreciation of one of the classic works of the past, but to make clear the high-water mark of sociological theory about capitalism. Weber’s last theory is not the last word on the subject of the rise of capitalism, but if we are to surpass it, it is the high point from which we ought to build.

THE COMPONENTS OF RATIONALIZED CAPITALISM

Capitalism, says Weber (1961:207–8, 260) is the provision of human needs by the method of enterprise, which is to say, by private businesses seeking profit. It is exchange carried out for positive gain, rather than forced contributions or traditionally fixed gifts or trades. Like all of Weber’s categories, capitalism is an analytical concept; capitalism can be found as part of many historical economies, as far back as ancient Babylon. It became the indispensable form for the provision of everyday wants only in Western Europe around the middle of the nineteenth century. For this large-scale and economically predominant capitalism, the key is the “rational permanent enterprise” characterized by “rational capital accounting.”

The concept of “rationality” which appears so often in Weber’s works has been the subject of much debate. Marxist critics of capitalism, as well as critics of bureaucracy, have attacked Weber’s alleged glorification of these social forms (e.g., Hirst, 1976). On the other hand, Parsons (1947), in his long introduction to the definitional section of Economy and Society, gives “rationalization” both an idealist and an evolutionary bent, as the master trend of world history, involving an inevitable upgrading of human cognitive and organizational capacities. Tenbruck (1975) claims the key to Weber’s works is an inner logic of rational development found within the realm of religious solutions to the problem of suffering.

It is clear that Weber himself used the term “rationalism” in a number of different senses. But for his institutional theory of capitalist development, there is only one sense that need concern us. The “rational capitalistic establishment,” says Weber (1961:207), “is one with capital accounting, that is, an establishment which determines its income yielding power by calculation according to the methods of modern bookkeeping and the striking of a balance.” The key term is calculability; it occurs over and over again in those pages. What is distinctive about modern, large-scale, “rational” capitalism—in contrast to earlier, partial forms—is that it is methodical and predictable, reducing all areas of production and distribution as much as possible to a routine. This is also Weber’s criterion for calling bureaucracy the most “rational” form of organization.

3 In Part I of Economy and Society (written 1918–20), Weber distinguishes formal and substantive rationality of economic action (1968:85–6). In “The Social Psychology of the World Religions” (written 1913), Weber (1946:293–4) defines three different types of rationalism: (1) a systematic world view based on precise, abstract concepts; (2) practical means-ends calculations; (3) a systematic method, including that of magic or prayer. In The Protestant Ethic (1904–5), Weber (1930:76–78) attacks the notion that the spirit of capitalism is “part of the development of rationalism as a whole,” and says he is interested in “the origin of precisely the irrational element which lies in this, as in every conception of a calling.” Kalberg (1980) points out that under one or another of Weber’s types of rationality, every action, even the most superstitious, might be called “rational.” Kalberg argues that only one type of rationality is relevant for the methodical conduct of affairs.

4 It is plain that Weber (1968:85–6) is referring to what in Economy and Society he calls “formal” rationality, efficiency based on quantitative calculation of means, rather than “substantive” rationality, the adequacy of actions for meeting ultimate values. Such values could be criteria of economic welfare, whether maximal production, quality of life, or a socialist economic distribution, or they could be ethical or religious values. Weber makes it clear that formal and substantive rationality can diverge widely, especially in his late political writings about the dangers of bureaucracy (1946:77–128; 1968:1393–1415). Weber himself tended to defend the formal rationality of modern capitalism as coinciding to a fair degree with substantive rationality in meeting the value of maximizing the economic welfare of the population at large (1968:108–9). It goes
For a capitalist economy to have a high degree of predictability, it must have certain characteristics. The logic of Weber’s argument is first to describe these characteristics; then to show the obstacles to them that were prevalent in virtually all societies of world history until recent centuries in the West; and, finally, by the method of comparative analysis, to show the social conditions responsible for their emergence.

According to his argument, the components of “rationalized” capitalism are as follows:

There must be private appropriation of all the means of production, and their concentration under the control of entrepreneurs. Land, buildings, machinery, and materials must all be assembled under a common management, so that decisions about their acquisition and use can be calculated with maximal efficiency. All these factors must be subject to sale as private goods on an open market. This development reaches its maximal scope when all such property rights are represented by commercial instruments, especially shares in ownership which are themselves negotiable in a stock market.

Within this enterprise, capital accounting is optimized by a technology which is “reduced to calculation to the largest possible degree” (1961:208). It is in this sense that mechanization is most significant for the organization of large-scale capitalism.

Labor must be free to move about to any work in response to conditions of demand. Weber notes that this is a formal and legal freedom, and that it goes along with the economic compulsion of workers to sell their labor on the market. Capitalism is impossible without a propertyless stratum selling its services “under the compulsion of the whip of hunger” (1961:209), for only this completes a mass market system for the factors of production which makes it possible to clearly calculate the costs of products in advance.

Trading in the market must not be limited by irrational restrictions. That is to say, noneconomic restrictions on the movement of goods or of any of the factors of production must be minimized. Such restrictions include class monopolies upon particular items of consumption (such as sumptuary laws regulating dress), or upon ownership or work (such as prohibitions on townspeople owning land, or on knights or peasants carrying on trade; more extensively, caste systems in general). Other obstacles under this heading include transportation difficulties, warfare, and robbery—which make long-distance trading hazardous and unreliable.

Finally, there must be calculable law, both in adjudication and in public administration. Laws must be couched in general terms applicable to all persons, and administered in such a way as to make the enforcement of economic contracts and rights highly predictable. Such a legal system is implicated in most of the above characteristics of rational capitalism: the extension of private property rights over the factors of production; the subdivision and easy transferability of such rights through financial instruments and banking operations; formal freedom for laborers; and legally protected markets.

The picture that Weber gives us, then, is of the institutional foundations of the market as viewed by neoclassical economics. He sees the market as providing the maximal amount of calculability for the individual entrepreneur. Goods, labor, and capital flow continuously to the areas of maximal return; at the same time, competition in all markets reduces costs to their minimum. Thus, prices serve to summarize all the necessary information about the optimal allocation of resources for maximizing profit; on this basis, entrepreneurs can most reliably make calculations for long-term production of large amounts of goods. “To sum up,” says Weber (1961:209), “it must be possible to conduct the provision for needs exclusively on the basis of market opportunities and the calculation of net income.”

It is, of course, the model of the laissez-faire capitalist economy that Weber wishes to ground. At the extreme, this is an unrealistic view of any economy that has ever existed. Weber treats it as an ideal type and, hence, in a fuller exposi-
tion would doubtless have been prepared to see it as only partially realized even in the great capitalist takeoff period of the nineteenth century. But it is worth noting that a critique of Weber along these lines could certainly not be a classical Marxian one. The central dynamic of capitalism in Marx’s theory, in fact, depends even more immediately than Weber’s on the unrestricted competitiveness of the open market for all factors of production (cf. Sweezy, 1942). And Weber and Marx agree in claiming that the initial breakthrough to an industrial society had to occur in the form of capitalism. Thus, although Weber may have a personal bias toward the neoclassical market economy, both as analytical model and as political preference, this would give no grounds for a critique of the adequacy of his explanation of this phase of world history. Even for a later period, Weber is hardly dogmatic. As we shall see, he recognizes the possibility of socialism emerging, once capitalism has matured—although he does not admire the prospect—and he even gives some indications of the forces that might produce it. Like German and Austrian non-Marxist economists of his generation, Weber includes socialism within his analytical scheme.

Weber’s model of the modern economy is particularly striking with regard to the concept of the “industrial revolution.” For it is not mechanization per se that is the key to the economic transformation, despite the far-reaching consequences of shifts from agrarian to inanimate-energy-based technologies (cf. Lenski, 1966). In Weber’s scheme, technology is essentially a dependent variable. The key economic characteristic of mechanization is that it is feasible only with mass production (Weber, 1961:129, 247). The costs of even simpler machines such as steam-powered looms would make them worthless without a large-scale consumers’ market for cloth, as well as a large-scale producers’ market in wool or cotton. Similar considerations apply a fortiori to machinery on the scale of a steel rolling mill. But large-scale production is impossible without a high degree of predictability that markets will exist for the products, and that all the factors of production will be forthcoming at a reasonable cost. Thus, mechanization depends on the prior emergence of all the institutional factors described above.

Weber does not elaborate a systematic theory of technological innovation, but it would be possible to construct one along these lines. He does note that all the crucial inventions of the period of industrial takeoff were the result of deliberate efforts to cheapen the costs of production (1961:225–6, 231). These efforts took place because previous conditions had intensified the capitalist pursuit of profits. The same argument could be made, although Weber did not make it, in regard to the search for methods to improve agricultural production that took place in the seventeenth and eighteenth centuries. The “green revolution” which preceded (and made possible) the industrial revolution was not a process of mechanization (agricultural mechanization took place only in the late nineteenth century) but was, more simply, the application of capitalist methods of cost accounting to hitherto traditional agriculture. Thus, it is the shift to the calculating practices of the capitalist market economy which makes technological innovation itself predictable, rather than, as previously, an accidental factor in economic life (1961:231).5

THE CAUSAL CHAIN

What are the social preconditions for the emergence of capitalism as thus described?

Note, first of all, that economic life, even in the most prosperous of agrarian societies, generally lacked most of these traits. Property systems frequently tied land ownership to aristocratic status, while commercial occupations were often

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5 Weber does mention “rational science and in connection with it a rational technology” (1961:232) as one of the features of the West important for modern capitalism. On the other hand he says: “It is true that most of the inventions of the 18th century were not made in a scientific manner. . . . The connection of industry with modern science, especially the systematic work of the laboratories, beginning with Justus von Liebig [i.e., Circa 1830], enabled industry to become what it is today and so brought capitalism to its full development.” On the balance, I think science comes out as a secondary factor in the model.
prohibited to certain groups and monopolized by others. The labor force was generally unfree—being either slaves or tied to the land as serfs. Technologies of mass production hardly existed. The market was generally limited either to local areas or to long-distance trade in luxuries, due to numerous near-confiscatory tax barriers, unreliable and varying coinage, warfare, robbery, and poor transportation. And legal systems, even in literate states, tended to be characterized by patrimonial or magical-religious procedures, by differential application to different social groups and by different localities, and by the practices of officials seeking private gain. Reliable financial transactions, including the operation of a banking system relatively free from political interference and plundering, were particularly handicapped by these conditions.

The social preconditions for large-scale capitalism, then, involved the destruction of the obstacles to the free movement or economic transfer of labor, land, and goods. Other preconditions were the creation of the institutional supports for large-scale markets, especially the appropriate systems of property, law, and finance.

These are not the only preconditions of capitalism, but, specifically, Weber is seeking the organizational forms that made capitalism a world-transforming force in the West but not elsewhere. By a series of comparisons, Weber shows that a number of other factors that have been advanced to account for the Western takeoff cannot have been crucial. Against Sombart, he points out that standardized mass production for war cannot have been decisive for, although a good deal of this existed in Europe in the seventeenth century, and thereafter, it also existed in the Mogul Empire and in China without giving an impetus to capitalism (1961:229). Similarly, the enormous expenditures for court luxury found in both Orient and Occident were incapable of generating a mass market (1961:229–30). Against the simpler arguments of Adam Smith, which attribute the industrial division of labor to the extension of trade, Weber points out that trade can be found everywhere, even in the Stone Age. In ancient Babylon, for example, trade was such as to disintegrate "primitive economic fixity" to a considerable degree (1961:232). On the other hand, politically determined agrarian economies show how "specialization takes place without exchange" (1961:103). Nor is the pursuit of profit per se the crucial motive for mass capitalism; the "ruthlessness" and "unscrupulousness" of the traditional foreign trader was incapable of transforming the economy at large (1961:232). Nor can population growth have been the cause of Western capitalism, for the same trend occurred in China without the same result (1961:258–9). Neither, finally, can the price revolution of the sixteenth century, due to the influx of precious metals from the Americas, have been decisive (see the later discussion on Wallerstein).6

The features that Weber finds unique to the West constitute a causal chain.7 I have represented this schematically in Figure 1. The characteristics of rational capitalism itself are the entrepreneurial organization of capital, rational technology, free labor, unrestricted markets, and calculable law. These make up a complex: the markets for goods, labor, and capital all mesh around entrepreneurial property using mass production technology; the operation of all of these factors together creates further pressures to both rationalize technology and expand each factor market—while yet distributing wealth in such a way as to further the demand. The legal system is both an ongoing prop for all of these features and a causal link backward to their

6 Weber (1961:260) also mentions geographical conditions as more favorable to capitalism in Europe than in China or India, due to transportation advantages in the former via the Mediterranean sea and the interconnecting rivers. But he goes on (p. 261) to discount this, in that no capitalism arose in Mediterranean antiquity, when civilization was predominantly coastal, whereas early modern capitalism in Europe was born in the cities of the interior.

7 Weber does not clearly describe a chain, and sometimes he lumps characteristics of rational capitalism with its preconditions. Although some of these preconditions continue into the operation of modern capitalism, a logical chain of explanation, I believe, requires something like the separation I have given. It should be understood that Weber gives a highly condensed summary in these lectures.
social preconditions. At this intermediate causal level there is a second crucial factor which, like the law, is essentially cultural, although not in the sense of disembodied ideas, but, rather, in the sense of beliefs expressed in institutionalized behavior. This is the "lifting of the barrier . . . between internal and external ethics" (1961:232).

In virtually all premodern societies there are two sharply divergent sets of ethical beliefs and practices. Within a social group, economic transactions are strictly controlled by rules of fairness, status, and tradition: in tribal societies, by ritualized exchanges with prescribed kin; in India, by rules of caste; in medieval Europe, by required contributions on the manor or to the great church properties. The prohibition on usury reflected this internal ethic, requiring an ethic of charity and the avoidance of calculation of gain from loans within the community (cf. Nelson, 1949). In regard to outsiders, however, economic ethics were at the opposite extreme: cheating, price gouging, and loans at exorbitant interest were the rule. Both forms of ethic were obstacles to rational, large-scale capitalism: the internal ethic because it prevented the commercialization of economic life, the external ethic because it made trading relations too episodic and distrustful. The lifting of this barrier and the overcoming of this ethical dualism were crucial for the development of any extensive capitalism. Only this could make loans available regularly and promote the buying and selling of all services and commodities for moderate gain. Through innumerable daily repetitions, such small (but regular) profits could add up to much more massive economic transactions than could either the custom-bound or the predatory economic ethics of traditional societies.

What, then, produced the calculable legal system of saleable private property and free labor and the universal ethic of the pursuit of moderate economic profit? The next links in the causal chain are political and religious. The bureaucratic state is a crucial background determinant for all legal and institutional underpinnings of capitalism. Moreover, its legal system must be based on a concept of universal citizenship, which requires yet further political preconditions. The religious factor operates both as a direct influence on the creation of an economic ethic and as a final level of causality implicated in the rise of the rational-legal state and of legal citizenship.

The state is the factor most often overlooked in Weber's theory of capitalism. Yet it is the factor to which he gave the
most attention; in Economy and Society, he devoted eight chapters of 519 pages to it, as opposed to one chapter of 236 pages to religion, with yet another chapter—the neglected but very important chap. XIV of Part II—to the relations between politics and religion. In the General Economic History, he gives the state the two penultimate chapters, religion the final chapter. For Weber, this political material was not an extraneous interest but, instead, the key to all of the institutional structures of rational capitalism. Only the West developed the highly bureaucratized state, based on specialized professional administrators and on a law made and applied by full-time professional jurists for a populace characterized by rights of citizenship. It is this bureaucratic-legal state that broke down feudalism and patrimonialism, freeing land and labor for the capitalist market. It is this state that pacified large territories, eliminated internal market barriers, standardized taxation and currencies. It is this state that provided the basis for a reliable system of banking, investment, property, and contracts, through a rationally calculable and universally applied system of law courts. One may even argue that the bureaucratic state was the proximate cause of the impulse to rationalization, generally—above all, via the late seventeenth- and eighteenth-century spirit of enlightened absolutism, which set the stage for the industrial revolution.

There are three causal questions about the rational/legal state. Why did it rise to predominance? Where did its structural characteristics come from? How did its legal system take the special form of conceiving of its subjects as holding the rights of citizenship?

The first question is easily answered. The bureaucratic state rose to predominance because it is the most efficient means of pacifying a large territory. It is effective externally in that it can supply a larger military, with better weapons, than can nonbureaucratic states; and it is effective, internally, as it tends to be relatively safe against disintegration by civil war or political coup.9

The sources of the bureaucratic state are, to a degree, quite familiar. In the widely reprinted section on bureaucracy from Economy and Society (1968:956–1005), Weber outlines the prerequisites: literate administrators, a technology of long-distance transportation and communication, writing and record-keeping materials, monetary coinage. The extent to which these could be put into effect, however, depended on a number of other factors. Geographical conditions such as easy transportation in river valleys, or favorable situations for state-controlled irrigation (1961:237), fostered bureaucratic centralization, as did intense military competition among adjacent heartlands. Types of weapons which are centrally (rather than individually supplied) also favor bureaucratization. If such conditions make central control easy, however, bureaucratization need not proceed very deeply, and the society may be ruled by a thin stratum of officials above a local structure which remains patrimonial. In China, for example, this superficial bureaucratization constituted a long-term obstacle to capitalism, as it froze the economy under the patrimonial control of local clans.

The most thorough bureaucratization, as well as that uniquely favorable to capitalism, is that which incorporates a formalistic legal code based on citizenship. Citizenship meant, first of all, membership in a city; by extension, membership in a state and hence holder of political rights within it. This was an alien concept throughout most of history. In the patrimonial state, political office was a form of private property or personal delegation, and even in most premodern quasibureaucratic states the populace at large was only subject to the state, not holders of rights within it. The latter condition arose only in the West. In both Mediterranean antiquity and the European Middle Ages, cities came under the control of brotherhoods of warriors banded together for mutual protection. Such cities had their own laws and courts, administered

9 The main exception is that revolutions can occur after the military breakdown of the state itself due to foreign wars. But historical instances of these have occurred mainly in states which have been only partially bureaucratized. (See Skocpol, 1979.)
by the citizens themselves, all of whom stood under it in relation of formal equality. Such citizenship rights remained historically significant after the original civic forms changed or disappeared. The formal rights and legal procedures originally applied only to a local elite, but when cities were incorporated into large-scale bureaucratic states, they provided the basis for a much more widely inclusive system of adjudication. This was the case when Rome, originally one of these military-fraternity cities, became an empire and, again, in the Middle Ages, when cities in alliance with kings lost their independence but contributed their legal structures to the larger states.10

Nearing the end of our chain of causality, we ask: What factors enabled this distinctive type of city to arise in the West? Weber gives two conditions: one military, the other religious.

The military condition is that in the West the city consisted of "an organization of those economically competent to bear arms, to equip and train themselves" (1961:237). This was the case in the formative period of the ancient Greek and Italian cities and, again, in the medieval cities with their disciplined infantries fielded by the guilds. In both cases, the money power of the cities bolstered their military power and, hence, democratization and concomitant legal citizenship. In the Orient and in ancient Egypt, on the contrary, the military princes with their armies were older than the cities and, hence, legally independent cities did not arise; Weber attributed this pattern to the impetus to early centralization given by irrigation.

The second condition is that in the East, magical taboos prevented the organization of military alliances among strangers and, hence, did not allow formation of independent cities. In India, for example, the ritual exclusion of castes had this effect. More generally, in Asia and the Middle East, the traditional priests held monopolies over communion with the gods, whereas in Western antiquity it was the officials of the city who themselves performed the rites (1961:238). In the one case, the boundaries of religious communion reinforced preexisting group divisions; in the other, religious boundaries were an explicit political tool by which civic alliances could be established and enlarged. It is at this point that the two main lines of Weber's chain of causality converge.

We have been tracing the causal links behind the emergence of the rational/legal state, which is one of the two great intermediate conditions of the emergence of an open market economy. The other great intermediate condition (noted earlier) is an economic ethic which breaks the barrier between internal and external economies. Now we see that the religious factors that produced the citizenship revolution and those that produced the economic ethic are essentially the same.

Our last question, then, is: What brought about this religious transformation? Weber gives a series of reasons, each intensifying the effects of the last (1961:238). Ethical prophecy within ancient Judaism was important, even though it did not break down ritual barriers between Jews and Gentiles, because it established a tradition of hostility to magic, the main ethos within which barriers flourished. The transformation of Christianity from a Jewish sect into a proselytizing universal religion gave this tradition widespread currency, while the pentacostal spirit of Christian proselytization set aside the ritual barriers among clans and tribes, which still characterized the ancient Hellenistic cities to some degree. The Judeo-Christian innovations are not the whole story, however; the earlier development of Greek religion into the civic cults had already done much to make universalistic legal membership possible.

The religious factors, as we have seen, entwine with political ones, and their influence in the direction of legal citizenship and upon an economic ethic have fluctuated historically. There is no steady nor inevitable trend toward increasing rationalization of these spheres, but West-

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10 Contractual forms of feudalism also contributed somewhat to legal citizenship. Weber neglected this in the General Economic History, but considered it in Economy and Society (1968:1101). The earlier preconditions (military and religious) for contractual feudalism and for independent cities, however, are essentially the same.
ern history does contain a series of episodes which happen to have built up these effects at particular points in time so that, eventually, a whole new economic dynamic was unleashed. On the political side, the Christian cities of the Middle Ages, drawing upon the institutional legacies of the ancient world, were able to establish religiously sworn confraternities which reestablished a legal system based on citizenship. A second political factor was fostered by religion: the Christian church provided the literate administrators, the educational system, and the example of its own bureaucratic organization as bases upon which the bureaucratic states of the West could emerge. And, on the strictly motivational side, the development of European Christianity gave a decisive ethical push toward rationalized capitalism.

Here, at last, we seem to touch base with Weber's original Protestant Ethic thesis. But in the mature Weber, the thesis is greatly transformed. Protestantism is only the last intensification of one of the chains of factors leading to rational capitalism. Moreover, its effect now is conceived to be largely negative, in the sense that it removes one of the last institutional obstacles diverting the motivational impetus of Christianity away from economic rationalization. For, in medieval Christianity, the methodical, disciplined organization of life was epitomized by the monastic communities.11 Although the monasteries contributed to economic development by rationalizing agriculture and promoting their own industries, Weber generally saw them as obstacles to the full capitalist development of the secular economy. As long as the strongest religious motivation was siphoned off for essentially worldly ends, capitalism in general could not take off (1961:267–9). Hence, the Reformation was most significant because it abolished the monasteries. The most advanced section of the economy would, henceforth, be secular. Moreover, the highest ethics of a religious life could no longer be confined to monks but had to apply to ordinary citizens living in the world. Calvinism and the other voluntary sects were the most intense version of this motivation, not because of the idea of Predestination (which no longer receives any mention in Weber's last text) but only because they required a specific religious calling for admission into their ranks, rather than automatic and compulsory membership in the politically more conservative churches. Weber's (1961:269–70) last word on the subject of Protestantism was simply this:

The development of the concept of the calling quickly gave to the modern entrepreneur a fabulously clear conscience—and also industrious workers; he gave to his employees as the wages of their ascetic devotion to the calling and of co-operation in his ruthless exploitation of them through capitalism the prospect of eternal salvation, which in an age when ecclesiastical discipline took control of the whole of life to an extent inconceivable to us now, represented a reality quite different from any it has today. The Catholic and Lutheran churches also recognized and practiced ecclesiastical discipline. But in the Protestant ascetic communities admission to the Lord's Supper was conditioned on ethical fitness, which again was identified with business honor, while into the content of one's faith no one inquired. Such a powerful, unconsciously refined organization for the production of capitalistic individuals has never existed in any other church or religion.

**WEBER'S GENERAL THEORY OF HISTORY**

Is there an overall pattern in Weber's argument? It is not a picture of a linear trend toward ever-increasing rationality. Nor is it an evolutionary model of natural selection, in the sense of random selection of the more advanced forms, accumulating through a series of stages. For Weber's constant theme is that the pattern of relations among the various factors is crucial in determining their effect upon economic rationalization. Any one factor occurring by itself tends to have opposite effects, overall, to those which it has in combination with the other factors.

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11 Weber did not live to write his planned volume on medieval Christianity. If he had, I believe he would have found that the High Middle Ages were the most significant institutional turning point of all on the road to the capitalist takeoff. His commitment to the vestiges of his Protestantism argument may have kept him from recognizing this earlier. I will deal with this point in a subsequent article, "The Weberian Revolution of the High Middle Ages."
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For example, self-supplied military coalitions produce civic organizations and legal systems which are favorable to capitalism. But if the self-armed civic groups are too strong, the result is a series of guild monopolies which stifle capitalism by overcontrolling markets. Cities, on the other hand, have to be balanced by the bureaucratic state. But when the state is too strong by itself, it, too, tends to stifle capitalism. This can happen by bolstering the immobility of labor (as in the case of "the second serfdom" produced in Russia and eastern Europe as absolutist states developed in the seventeenth and eighteenth centuries); or by directly controlling the division of labor by forced contributions instead of allowing a market to develop. In the areas of the world where bureaucratization was relatively easy, as in ancient Egypt or China, or the Byzantine Empire, the unrestrained power of the state stereotyped economic life and did not allow the dynamics of capitalism to unfold.

The same is true of the religious variables. The creation of the great world religions, with their universalism and their specialized priesthoods, was crucial for the possibility of breaking the ritual barriers among localized groups, with all the consequences this might have for subsequent developments. But, in the absence of other factors, this could actually bolster the obstacles to capitalism. This happened in India, where the development of Hinduism fostered the caste system; the universalistic religion set an external seal upon the lineup of particularistic groups that happened to exist at the time. Even in Christianity, where moral prophecy had a much more barrier-breaking and world-transforming effect, the Church (in the period when it was predominant) created another obstacle against its capitalist implications. This was the period of the High Middle Ages in Europe, when monasticism proliferated and, thus, channeled all the energy of religious motivation into a specialized role and away from the economic concerns of ordinary life.12

Weber saw the rise of large-scale capitalism, then, as the result of a series of combinations of conditions which had to occur together. This makes world history look like the result of configurations of events so rare as to appear accidental. Weber's position might well be characterized as historicist, in the sense of seeing history as a concatenation of unique events and unrepeatable complexities. Once a crucial conjuncture occurs, its results transform everything else—and not just locally but also in the larger world of competing states. This was true of the great charismatic revelations of the world religions, which shut off China, India, or the West from alternative lines of development as well as determined the ways that states upon these territories would interact with the rest of the world. Similarly, the full-scale capitalist breakthrough itself was a once-only event, radiating outward to transform all other institutions and societies. Hence, the original conditions necessary for the emergence of capitalism were not necessary for its continuation. The original religious ethic could fade, once the calculability of massive economic transactions had become a matter of routine. Hence, late-industrializing states need not follow the route of classic capitalism. In the advanced societies, the skeleton of the economic structure might even be taken over by socialism.

Weber's account of the rise of capitalism, then, is in a sense not a theory at all, in that it is not a set of universal generalizations about economic change. Nevertheless, on a more abstract level, Weber is at least implicitly proposing such a theory. On one level, he may be read as a collection of separate hypotheses about specific processes and their effects.13 The foregoing caveat about the necessary balance among factors may be incorporated by specifying that the causal variables must operate at a given strength—that is, by turning them into quantitative generalizations specified to a given range of variation.

12 This was also the time when the church took the offensive against incipient capitalism, in the form of pronouncements against usury (Weber, 1968:584–6).

13 One clearly formulated proposition, for example, is that armies based on coalitions of self-supplied individuals produce citizenship rights. (For a series of such propositions, see Collins, 1975:356–64.)
On a second level, one may say that the fundamental generalizations in Weber's theory of capitalism concern the crucial role of balances and tensions between opposing elements. "All in all," says Weber in a little-known passage (1968:1192–3), "the specific roots of Occidental culture must be sought in the tension and peculiar balance, on the one hand, between office charisma and monasticism, and on the other between the contractual character of the feudal state and the autonomous bureaucratic hierarchy."¹⁴ No one element must predominate if rationalization is to increase. More concretely, since each "element" is composed of real people struggling for precedence, the creation of a calculable, open-market economy depends upon a continuous balance of power among differently organized groups. The formal egalitarianism of the law depends upon balances among competing citizens and among competing jurisdictions. The nondualistic economic ethic of moderated avarice depends upon a compromise between the claims of in-group charity and the vicious circle of out-group rapaciousness.

The capitalist economy depends on this balance. The open-market system is a situation of institutionalized strife. Its essence is struggle, in an expanded version of the Marxian sense, but with the qualification that this could go on continuously, and indeed must, if the system is to survive.¹⁵ Hence, if there is any generalization implicit in Weber's theory applicable to economic history after the initial rise of capitalism, it is this: The possibility for the follower-societies of the non-Western world to acquire the dynamism of industrial capitalism depends on there being a balance among class forces, and among competing political forces and cultural forces as well. In the highly industrialized societies also, the continuation of capitalism depends on continuation of the same conflicts. The victory of any one side would spell the doom of the system. In this respect, as in others, Weber's theory is a conflict theory indeed.

**AN ASSESSMENT: WEBER'S CONFRONTATION WITH MARXISM**

How valid is Weber's theory? To fully answer this question would require extensive comparative analyses and a good deal of explication of principles on different levels of abstraction. These tasks are beyond the scope of any one paper. What I can present is a confrontation between Weber's theory and the one rival theory of capitalism which claims a comparable degree of historical and theoretical comprehensiveness, Marxism. This is especially appropriate because Weber himself devoted a great deal of attention in the *General Economic History* to the points at which his analysis impinges on Marxist theories.

The book begins and ends on Marxian themes. The first chapter deals with the question of primitive agrarian communism. Characteristically, Weber finds it to be only one variant of primitive agriculture; where it does exist, it is usually the result of fiscal organization imposed from above (1961:21–36). The closing words of the book speak of the threat of working class revolution which appears once capitalism matures and work discipline loses its religious legitimation (1961:270). In between, there are numerous references to Marx-

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¹⁴ In other words, the main features of the West depend on a tension between the routinization of religious charisma in the church and the participatory communities of monks, and on a tension between the democratizing tendencies of self-supplied armies and the centralized bureaucratic state. These give us Weber's two great intermediate factors, a nondualistic religious ethic and calculable law, respectively.

¹⁵ . . . the formal rationality of money calculation is dependent on certain quite specific substantive conditions. Those which are of a particular sociological importance for present purposes are the following: (1) Market struggle of economic units which are at least relatively autonomous. Money prices are the product of conflicts of interest and of compromises; they thus result from power constellations. Money is not a mere "voucher for unspecified utilities," which could be altered at will without any fundamental effect on the character of the price system as a struggle of man against man. "Money" is, rather, primarily a weapon in this struggle, and prices are expressions of the struggle; they are instruments of calculation only as estimated quantifications of relative chances in this struggle of interests (Weber, 1968:107–8).
Webber's Last Theory of Capitalism: A Systematization

ism, far more than in any other of Webber's works. His attitude is critically respectful, as in his comment on the Engels-Bebel theory of the origins of the family: "although it is untenable in detail it forms, taken as a whole, a valuable contribution to the solution of the problem. Here again is the old truth exemplified that an ingenious error is more fruitful for science than stupid accuracy." (1961:40)  

Webber's intellectual maturity coincides with a period of high-level debate in Germany and Austria between Marxian and non-Marxian economists. In the years between 1885 and 1920 appeared Engels's editions of the later volumes of Capital, as well as the principal works of Kautsky, Hilferding, and Luxemburg. On the other side, Sombart, Bortkiewitz, and Tugan-Baranowski provided what they considered to be revisions in the spirit of Marxian economics, while Böhm-Bawerk (1898) and Schumpeter (1954) launched explicit efforts to shore up the weaknesses of neoclassical economics vis-à-vis Marxism, and attacked the technical weaknesses of Marxian theory. This period was in many ways the high-water mark in political economy for an atmosphere of balanced debate is beneficial for intellectual advance. Weber in particular was concerned to meet the Marxian challenge on its own grounds, leaving out nothing that must be conceded, but also turning up whatever factors the Marxists left out. Moreover, the German Marxists had suddenly become stronger with the end of the World War and the downfall of the German monarchy. Weber delivered his lectures in Munich just after the short-lived Communist commune of 1919, and his lecture room contained many radical students. It is not surprising that Weber was so much more explicitly concerned with Marxism in his last work than in the religious studies he published while the war was going on.

Webber had one great advantage over the Marxists. The discipline of historical scholarship reached its maturity around the end of the nineteenth century. Not only had political and military history reached a high degree of comprehensiveness and accuracy, but so had the history of law, religion, and economic institutions not only for Europe and the ancient Mediterranean but for the Orient as well. The historical researches of the twentieth century have not brought to light any great body of facts about the past that has radically changed our view of world history since Webber's day. Weber was perhaps the first great master of the major institutional facts of world history. By contrast, Marx, pursuing his assiduous researches in the 1840s and 50s, had much narrower materials at his disposal (Hobsbawm 1964:20–7). The histories of India, China, Japan, or Islam had scarcely begun to be available; the permeation of the ancient Greco-Roman world by religious institutions was only beginning to be analyzed; and the complex civilization of the European High Middle Ages was hidden beneath what Marx considered the "feudal rubbish" of the Ancien Régime of the eighteenth century. Marx wrote before the great coming-of-age of historical scholarship; Weber, just as it reached its peak. Weber thus represents for us the first and in many ways still the only effort to make a truly informed comparative analysis of major historical developments.

It should be borne in mind that Marx and most of his followers have devoted their attention primarily to showing the

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16 Weber goes on to say, "A criticism of the theory leads to consideration first of the evolution of prostitution, in which connection, it goes without saying, no ethical evaluation is involved." There follows (1961:40–53) a brilliant outline of a theory of the organization of the family as one set of variants on sexual property relations, in which material transactions and appropriations are fundamentally involved. Later versions of this line of theory are found in Levi-Strauss (1968), and in Collins (1975:228–59).

17 Thus, Böhm-Bawerk (1898) and Schumpeter (1954) developed a previously missing link in classical and neoclassical economics, a theory of capitalist profits. This they based on time-lags in the competitive process and resulting time-preference among investment returns, displacing the Marxian theory of profit based on the exploitation of labor. Böhm-Bawerk also made an analysis of socialist economies. He regarded these as possible politically (as did Schumpeter and Weber), but denied that production would be organized differently in capitalism. Socialism could affect only the distribution of capitalist profits among the populace. For the economic thought of this period, see Schumpeter (1954:800–20, 843–55, 877–85) and Sweezy (1942:190–213).
dynamics of capitalism, not to the preconditions for its emergence. Weber’s concerns were almost entirely the reverse. Hence, it is possible that the two analyses could be complementary, Marx’s taking up where Weber’s leaves off. Only in the 1970s have there been efforts comparable to Weber’s from within the Marxian tradition, notably that of Wallerstein (1974). Interestingly enough, Weber anticipated Wallerstein’s major points in the General Economic History. On the other side, Wallerstein’s revision of Marxism is in many ways a movement toward a more Weberian mode of analysis, stressing the importance of external relations among states.

The classical Marxian model of the preconditions for capitalism covers only a few points (Marx, 1967: I, 336-70, 713-64; II, 323-37, 593-613; 1973: 459-514). Some of these are a subset of Weber’s model, while two of them are distinctive to Marx. Weber and Marx both stressed that capitalism requires a pool of formally free but economically propertyless labor: the sale of all factors of production on the market; and the concentration of all factors in the hands of capitalist entrepreneurs. Marx did not see the importance of the calculable aspect of technology; at times, he seemed to make the sheer productive power of technology the central moving force in economic changes, while at others, he downplayed this as part of a larger economic system—much in the way Weber did. Unlike Weber, Marx gave no causal importance at all to calculable law, nor did he see the earlier links in Weber’s causal chain: economic ethics, citizenship, bureaucratization, and their antecedents.18

The uniqueness of Marx’s discussion is in two factors: primitive accumulation, and revolution. About the latter, Marx had surprisingly little to say beyond the dramatic imagery of revolution breaking the bonds imposed by the property system upon the growing engines of production (Marx, 1959: 43-4). Primitive accumulation takes up nearly the whole of his historical discussion. It means the accumulation of enough raw materials, tools, and food for laborers to live on before subsequent production was completed; hence, it is the quantitative prerequisite for any takeoff into expanded economic production. Such accumulation took place historically in two ways. One was by the expropriation of peasants from their land, which simultaneously concentrated wealth in the hands of the capitalists who received the lands and required the expropriated masses to sell their labor on the market. The other means of primitive accumulation was by usury and merchants’ capital. Marx downplayed the importance of monetary factors by themselves, as they operated only in the realm of circulation and did nothing to productive relations; but he did assert that the growth of money capital furthered the dissolution of the feudal economy once it was already under way (1967:III, 596-7).

Of these two factors, Weber says almost nothing explicitly about primitive accumulation. However, the entire earlier sections of the General Economic History (1961:21-203) deal with the various forms of appropriation of material and financial means, which have made up, among other things, the capitalism that has been omnipresent throughout history, although not in a rationalized form. The idea that there must be a specific accumulation of surplus for the purpose of a capitalist takeoff, I suspect, is one that Weber would reject. The assumption ought to be subjected to proof. After all, agrarian societies already have the most extreme concentration of wealth at the top of the social hierarchy of any type of society in world history (Lenski, 1966); the industrial takeoff need only have been fueled by a shift in the use

18 Marx (1973:459-514) gave a very general outline of early forms of property as based on family and tribal membership, and he recognized that the ancient cities were military coalitions. He missed the central organizing role of religion in these developments, and failed to see the crucial effect of the revolutions within the ancient cities upon the uniquely Western legal tradition. For Marx, the rise of cities simply meant the growing separation of town and country, an instance of dialectical antithesis, and of the progress of the division of labor (1967:1, 352). For the period immediately preceding the capitalist takeoff, Marx noted that the state had hastened the transition from feudalism to capitalism by creating public finance and conquering foreign markets. These effects Marx subsumed under his concept of “primitive accumulation.”
of this wealth, not by a further extraction process. As Weber understood, and as subsequent research has shown, capitalists do not have to rise "from below," having amassed their own wealth; it has been far more typical for the aristocracy themselves to go into capitalist production (Stone, 1965; Moore, 1966).19 Weber is somewhat more sympathetic to the importance of revolutions. Perhaps the final conditions for the capitalist takeoff in England were the revolutions of 1640 and 1688. These put the state under the control of political groups favorable to capitalism, thus fulfilling the condition of keeping markets and finances free of "irrational" and predatory state policies. Of more fundamental institutional consequence were the revolutions within the cities of ancient Greece and of medieval Italy. The latter, Weber lists among "the five great revolutions that decided the destiny of the occident" (1951:62).20 For it was the uprising of the plebeians which replaced the charismatic law of the older patrician class with the universalistic and "rationally instituted" law upon which so much of the institutional development of capitalism was to depend (Weber, 1968:1312–3, 1325). In effect, this was a revolution in a system of property, but not in the gross sense of a replacement of one form of appropriation with another. For Weber, a system of property is a complex of daily actions—above all, the making of transfers and contracts and the adjudication of disputes. Hence, political revolutions are most crucial where they set the pattern for ongoing legal actions in a highly calculable form, with all the consequences noted above.

Wallerstein's (1974) theory, as developed in volume I, emphasizes two conditions in the origins of capitalism. One is the influx of bullion from the European colonies, which caused the price inflation of the 16th century. During this period, wages remained approximately constant. The gap between prices and wages constituted a vast extraction of surplus which could be invested in expanding capitalist enterprises (Wallerstein, 1974:77–84).21 This is Wallerstein's version of the primitive accumulation factor.

Wallerstein's (1974:348) second condition also emerges from the international situation. "[C]apitalism as an economic system is based on the fact that economic factors operate within an arena larger than that which any political entity can totally control. This gives capitalists a freedom of maneuver that is structurally based." He (1974:355) goes on to say that the different states must be of different strengths, so that not all states "would be in the position of blocking the effective operation of transnational economic entities whose locus were in another state." Capitalists in effect must have opportunities to shift their grounds among varied political climates to wherever the situation is most favorable.

Weber (1961:259) was generally aware of both conditions. Regarding the effects of gold and silver influx, however, he was largely unfavorable.

It is certainly true that in a given situation an increase in the supply of precious metals may give rise to price revolutions, such as that which took place after 1530 in Europe, and when other favorable conditions are present, as when a certain form of labor organization is in the process of development, the progress may be stimulated by the fact that large stocks of cash come into the hands of certain groups. But the case of India proves that such an importation of metal will not alone bring about capitalism. In India in the period of the Roman power, an enormous mass of precious metal—some twenty-five million sesterces annually—came in exchange for domestic goods, but this inflow gave rise to commercial capitalism only to a slight extent. The greater part of this precious metal disappeared into the hoards of the rajahs in-
stead of being converted into cash and applied in the establishment of enterprises of a rational capitalistic character. This fact proves that it depends entirely upon the nature of the labor system what tendency will result from an inflow of precious metal.

In another passage, Weber (1961:231) does say that the price revolution of the sixteenth and seventeenth centuries "provided a powerful lever for the specifically capitalistic tendencies of seeking profit through cheapening production and lowering the price." This came about for industrial (but not agricultural) products, because the quickened economic tempo put on pressures toward further rationalizing economic relations and inventing cheaper technologies of production. Weber thus gives the influx of precious metals a place as a contributory factor, though apparently not an indispensable one, within the framework of economic institutions which had already appeared in Europe at the time.22

Weber (1961:249) largely agrees, however, with Wallerstein's argument about the international character of capitalism. Modern cities, he points out,

came under the power of competing national states in a condition of perpetual struggle for power in peace or war. This competitive struggle created the largest opportunities for modern Western capitalism. The separate states had to compete for mobile capital, which dictated to them the conditions under which it would assist them to power. Out of this alliance of the state with capital, dictated by necessity, arose the national citizen class, the bourgeoisie in the modern sense of the word. Hence it is the closed national state which afforded to capitalism its chance for development—and as long as the national state does not give place to a world empire capitalism will also endure.

Here the coincidence with Wallerstein is remarkable. Weber does not emphasize the contours of Wallerstein's world system, with its tiers of core, semiperiphery, and periphery, but Weber does show the central importance of mobile capital among militarily competing states, and he gives a more specific analysis than Wallerstein of the mechanism by which this is transformed into an advantage for capitalism.

In general, there is considerable convergence, as well as complementarity, between Weber's last theory of the origins of capitalism, and the mature Marxian theory which is only now emerging. Weber largely rejects Marxian theories of primitive accumulation, or at least relegates them to minor factors. On the other side, Wallerstein, as well as modern Marxism in general, has moved the state into the center of the analysis. Weber had already gone much further in that direction, so that the main Weberian criticism of the Marxian tradition, even in its present form, is that it does not yet recognize the set of institutional forms, especially as grounded in the legal system, upon which capitalism has rested.

For Weber, the state and the legal system are by no means a superstructure of ideas determining the material organization of society. Rather, his theory of the development of the state is to a considerable extent an analogy to the Marxian theory of the economy. The key factor is the form of appropriation of the material conditions of domination. We have seen the significance of the organization of weapons for Weber's chain of causes of capitalism. In this connection, Weber (1961:237) remarks:

Whether the military organization is based on the principle of self-equipment or on that of military equipment by an overlord who furnishes horses, arms and provisions, is a distinction quite as fundamental for social history as the question whether the means of economic production are the property of the

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22 Weber's (1961:223) comment on the economic benefits of the colonies is even more negative. This accumulation of wealth brought about through colonial trade has been of little significance for the development of modern capitalism—a fact which must be emphasized in opposition to Werner Sombart. It is true that the colonial trade made possible the accumulation of wealth to an enormous extent, but this did not further the specifically occidental form of the organization of labor, since colonial trade itself rested on the principle of exploitation and not that of securing an income through market operations. Furthermore, we know that in Bengal for example, the English garrison cost five times as much as the money value of all goods carried thither. It follows that the markets for domestic industry furnished by the colonies under the conditions of the time were relatively unimportant, and that the main profit was derived from the transport business.
worker or of a capitalistic entrepreneur... [T]he army equipped by the war lord, and the separation of the soldier from the paraphernalia of war, [is] in a way analogous to the separation of the worker from the means of production..."

Similarly, state bureaucracy depends upon a set of material conditions, and upon the separation of the administrator from treating the office and its incomes as private property (1968:980–3). Weber diverges from the Marxian analogy by being a more thoroughgoing conflict theorist. As we have seen, and as the quotation given above on the international basis of capitalism bears out, for Weber the conditions of rationalized organization, in political and economic spheres alike, depend upon a continuous open struggle.23

The main disagreements between Marx and Weber have less to do with the origins of capitalism than with its future. Weber thought that capitalism could endure indefinitely as an economic system, although political factors could bring it down. As we have seen, he thought that the disappearance of religious legitimation in mature capitalism opened the way for workers to express their discontent in the form of a political movement for socialism. Ironically, it is the rationalized world view promoted by the underlying conditions of capitalism that gave birth to rational socialism, a doctrine that proclaims that the social order itself, rather than the gods, is to blame for economic distress; and that having been deliberately instituted, that order is capable of being consciously changed (1961:217–8). For Weber, however, economic crises may be endemic to modern capitalism, but they are not caused by a fundamental contradiction in it, nor is there any necessary tendency for them to worsen toward an ultimate breakdown. He attributes crises to overspeculation and the resulting overproduction of producers’ goods (1961:217). To decide who is right on these points requires further consideration than can be given here.

CONCLUSION

Weber’s last theory is still today the only comprehensive theory of the origins of capitalism. It is virtually alone in accounting for the emergence of the full range of institutional and motivational conditions for large-scale, world-transforming capitalism. Even so, it is incomplete. It needs to be supplemented by a theory of the operation of mature capitalism, and of its possible demise. And even on the home territory of Weber’s theory, there remain to be carried out the comprehensive tests that would provide adequate proof. But sociological science, like any other, advances by successive approximations. The theory expressed in Weber’s General Economic History constitutes a base line from which subsequent investigations should depart.

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23 It is true that Weber continues to leave more room for religious conditions than any of the Marxians. Yet even here, military conditions play a key role in the ultimate determinants of religions. The earliest Greek civic cults were war coalitions; and the this-worldly, antimagical character of Judaism derives from the cult of Jahweh, the war god of the coalition of Jewish tribes.
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