**SOC 3150: Classical Sociological Theory**

**Lecture 29: Weber on Capitalism II**

* One of the most predominant themes in Weber’s work is his analysis of capitalism.
* Beyond the *Protestant Ethic*, Weber wrote a systematic analysis of capitalism, published posthumously as *General Economic History* (1922).
* In this, there are several points of comparison with Marx:

1. Unlike Marx, who focused on Western societies, primarily England, Weber broadened his focus to Germany, France, & Eastern economies (Russia, China);
2. Weber disagreed with Marx on the economic cause of capitalism, focusing on it as a system of social action also based in interconnections between law, religion, & political institutions.

**Economic Background:**

* Using comparative historical techniques, Weber looked at early agrarian societies in relation to land systems, household economies, village organization, and town development.
* Checking for distinct characteristics of Western societies, he claimed that feudal economies emerged only in the West, resting on 3 decisive characteristics:

1. The power proprietors had over land holdings;
2. The development of a dependent serf population that performed productive labour; and
3. The appropriation by an aristocracy of political & legal rights resting on usurpation and enserfment.

* What stands out in feudalism is the degree of political, legal, and customary authority over others vested in the landholder.
* Lords had virtually unlimited political powers and serfs were subject to their legal jurisdiction, taxes, and dues. This increased the wealth of landholders.
* Meanwhile, serfs had little economic incentive to produce more than was necessary to feed themselves & pay their fees.
* Comparing Western countries with China and India, Weber claims the Western system was rooted in economic utility, military & political considerations, & social distinctions supporting prerogatives of a traditional aristocracy.
* In considering the decline of this system, Weber points to landlords assuming rights of ownership over peasant holdings, evicting tenants in favour of sheep pastures (who often went to towns to work in woollen manufacturing).
* In turn, this undermines the traditional legal bonds & forms of political authority.
* The feudal, manorial system began to dissolve both as peasants left the land, and as the growth of towns and development of markets jeopardized the viability of existing manorial holdings.
* This process occurred gradually in some places (England), more quickly in others (France). In Russia, feudal restrictions were so harsh they were held almost constant until 1917.
* Weber asserted that the dissolution of the feudal economies made way for a more modern system of law, the concept of the citizen, the collapse of the aristocracy and its way of life.

**The Role of the Guilds in Capitalist Development:**

* Until the second half of the 19th century, guilds – established as early as the 9th century - had almost complete authority over many occupations and regulated trades and crafts by controlling entry. They regulated work and monopolized income against outsiders to preserve artisans livelihoods.
* As demand for textiles grew, and production increased, guilds in this area were swept out of the way in the early 1800s, eventually followed by soap, glass, silk, sugar, pottery, and china, to name a few.

**Non-Economic Factors:**

**Rationality, Law, Citizenship & the State**

* Unlike Marx, who claimed that economic production shapes society and social relations, Weber believed that many other spheres of society were more independent, in many cases serving to shape capitalist development in their own right.
* He saw four of these as significant to capitalist development:

1. The emergence of a system of rationality;
2. Development of a system of law & forms of citizenship;
3. The rise of the state; and
4. The growth of the `gain spirit` & a system of ethics.

* *First*, a system of rationality emerged that first took hold in commerce and commercial activity.
* Unlike traditional, slow forms of exchange, this involved `quantitative reckoning.`
* This emerged once there was a need for exactness, thus ledgers and bookkeeping. These became necessary as:
  + exchange became more common, swift, & quantity of

goods became more substantial

* + competitive markets set up greater price fluctuations
  + the use of paper money became more widespread
  + standardized accounting techniques became necessary to evaluate discrepancies & disputes.
* Hence, the irrational, feudal restrictions on trade were lifted, setting into motion the buying and selling of commodities and labour eventually seen in industrial capitalism.
* *Secondly*, there was the emergence of `calculable law.` For enterprises to operate rationally, they must be able to rely on calculable adjudication and administration.
* As this union of economic and legal spheres progressed, it freed commercial activity from inherited traditions and enabled production and trade to be organized rationally.
* Through such a formal ethical structure governing commercial exchanges arose the legal concept of the citizen. This had its economic sphere and its political aspect implying membership in a state economic community with certain rights, privileges, and statuses.
* Weber believed that this combination of economic, political, and legal aspects of the citizen was new and unique to Western capitalism.
* In addition, the development of the modern city with its concentrated population and bureaucratic organization creates struggles. These simultaneously encourage art, science, mathematics, and civil life, while fostering the decline of magical religion in all spheres of social life.
* Together these elevate capitalism to an economic system formed around a rational state and city life.
* *Thirdly*, the rational state arose around a centralized set of social institutions based in rational law, formal rules, and expert officialdom. A modern development, this differed from the traditional, discretionary legal powers held by traditional aristocrats, legitimized by religion, that kept commercial interests subordinate.
* As well, systematic legal doctrines emerge from independent legal scholars responsible only to their positions, not the nobility. This rationalizes procedure based on independent rules, putting classes on a predictable, calculable footing.
* *Finally*, Weber pointed to the growth of the `gain spirit`in the West. Unlike eastern societies that are mostly inland and that have historically employed trade restrictions on profits, Western societies fostered a system of conduct based on ethical norms governing commercial activity and serving to bring the economic and religious spheres into a relationship.
* Unlike Marx, who saw capitalist development as inevitable due to implicit economic laws in history, Weber asked how capitalism emerged in relation to the kinds of restrictions and forces standing in its way. These include:
  + traditionalism that holds back the rational development of trade and commerce
  + religious beliefs restraining the pursuit of gain for its own sake
  + fear of trade as a form of change in the conduct of life seen as inherently evil & unacceptable
* In societies where magical religion remains dominant (e.g. India, where economic restrictions apply to particular castes) commercial activity is stifled.
* Yet, Weber distinguished between ``pariah capitalism` (ritualistic, restrictive, and based on magical beliefs) and rational capitalism (based on a rejection of magical faith). This shift is facilitated by the introduction of prophetic religion (e.g. Protestant Christianity) that places all the power on God and responsibility on the individual to live up to the ethical demands of the prophecy.
* Thus, magical religious restrictions on gain seeking are broken down, fostering individual ethical conduct based on prophetic religious belief, and fostering devotion to labor and thrift: the spirit of capitalism.