

Essay for
General Economic History Course.

(Prof. Polanyi)

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The Religious Factor in the Origins of Modern Capitalistic Spirit — according to Weber, Cunningham, Tawney, Sombart.

The precapitalistic era in western Europe may be said to have lasted until the middle of the fifteenth century or the middle of the sixteenth century, according to the country under consideration, for economic progress varied. The idea of a subsistence economy and of traditionalism characterized economic activity throughout the area. This was true of life on the great manors, where the nobles or lords were supported by the labor of the peasants who tilled the soil, and it was true of life in the cities, or rather village communities, where the guild craftsmen produced the articles which were exchanged for food grown in the outlying areas. It was a static economy, in which peasants and nobles, towns consumers and guild members, were concerned only that their needs should be satisfied, and all were expected to work only as much as was necessary in order to supply

These needs. It was not expected that one should do more; people worked slowly and took a certain pride in their work; holidays were numerous. The landlord's objective was leisure, not acquisition of wealth. Peasants and artisans received little encouragement to change from one place to another. Each city or community tried to get a monopoly in a line of trade or to get exclusive possession of particular routes. Merchants travelled in a restricted area, and each struggled for a share of the limited trade at particular ports. Trade existed between cities, but not between nations. The Gilds saw to it that the needs of their community were satisfied and also that each member had a fair share of the work to be done. Competition between craftsmen was forbidden. The consumer was protected against high prices, monopolization, false weights. The object of life was not profits, but sustenance of all individuals in the group. There was little use of money, peasants and even artisans paying and being paid in services or in kind. Even when money was used, the terms of exchange were often regulated by the town authorities.

ities, since the theory of the "just price" maintained this just price being ascertained by "common estimation" and relating to the cost of production. There was a feeling of prejudice against those who took advantage of variations of price in different places. Jealousy of foreign artisans caused dispectus, and jealousy of foreign merchants hampered trade.

The attitude in this era toward economic activities was that they were just one element in all ^{of} man's social activities. They must be controlled by religion, i.e. by the universal Church, since theoretically, at any rate, all of man's activities were subject to the control of that institution. There were marked social classes, and each individual was expected to remain in the class into which he was born; therefore, it was not right for one to try to acquire any more wealth than was necessary to sustain him in his station in life. All were members of one body and each performed a necessary function. According to Economic Ethics, there should be equity in bargaining,

both parties gaining equally. Interest, or usury, as it was called, was condemned by the Church as the sin of avarice, if it was profit gained through lending when there was no risk regarding return of the principal, or through buying cheaper and selling dearer. Actually there was a gulf between theory and practice, and even the Church accepted return on its investments. Such business activity for profit as existed was tolerated as a necessity. In fact, it was felt that the trader could practically never be pleasing to God. The Church was antagonistic to capitalistic activity, because such economic relations were impersonal, and thus tended to be outside its influence.

Such were the economic conditions and theories prior to the advent of modern capitalism.

Toward the close of the fifteenth century a new economic
 motion or spirit and a new organization of economic life
 became apparent. The origins of modern capitalism may
 be said to date from that time, and the evolution of
 the capitalistic spirit may be conveniently divided into
 two periods, early capitalism (1500-1800) and full or modern
 capitalism (1800-1914).

Capitalism grew out of the needs of the age, and there
 were many factors which contributed to its early growth.
 Among these were, besides the emergence of the entrepreneur
 or capitalist himself, the increasing power of the nationalist
 states which favored capitalism for their own ends, the
 planting of colonies in the newly discovered lands across the
 sea and thus the appearance of new markets for
 goods, the increasing wealth of the bourgeoisie, obtained
 through profit-lending to the nobility, the appearance
 of a large-working class, due to the break-up of villages.
 But it is in the emergence of the entrepreneur that we are
 interested, since he alone of all these factors could be
 influenced by religious or moral forces, and since he
 alone ^{of all} possessed the capitalist spirit. We shall consider

in turn, the opinion of four writers on this subject of the connection between the spirit of capitalism and religious ethics particularly Protestant ethics, viz, Weber, Cunningham, Lowrey and Sombart.

Weber defines Western capitalism as the "rational industrial organization of capitalistic enterprise with free labor, attuned to a regular market, and characterized by separation of business from the household and by rational book-keeping." He poses the question as to why this rationalism ("deliberate adjustment of economic means to the attainment of . . . pecuniary profit") replaced the old attitude which had previously been held, viz, that one's desire for gain should be limited by the needs suitable to his social status. He came to the conclusion that this rationalistic attitude toward economic activity was the result of the ideas springing from the ^{Reformation or} religious revolution of the sixteenth century.

A number of ascetic movements sprang from the Reformation, which began in Germany and spread to other countries. They included Lutheranism, Calvinism, Pietism, Methodism, and the Baptist sects.

According to Lutheranism, an individual's calling

was the fulfillment of his duties in accordance with his position in the world. This calling, which was the will of God, was the only way to live acceptably to God, and every calling had the same worth in God's sight. Luther firmly believed in divine providence and therefore felt that everyone should remain in the calling in which God had placed him. Lutheranism, which depended upon the Bible and the sacraments, tended toward mysticism, since the Lutheran's goal was the attainment of a feeling of absorption in God. Since he believed that if he sinned, grace could be regained by contrition, usually he was only temporarily spiritually minded. Lutheranism was therefore not so conducive to a systematic, rational ordering of one's moral life.

Calvinism's most characteristic dogma was the doctrine of predestination. This doctrine, as set forth in the Westminster Confession of 1647, is that by decree of God some "men and angels are predestinated unto everlasting life, and others are fore-ordained to everlasting death." Although Church membership was necessary for salvation, the Calvinist's duty

was to commune with God in isolation. A second doctrine
 of Calvinism was that specialized labor in callings was
 justified as a method of expressing brotherly love. The
 universe was evidently organized by God to serve the
 human race and therefore labor in the service of society
 promoted the glory of God and was willed by Him. Men,
ⁱⁿ those days, were greatly concerned regarding the salvation
 of their souls, and we find that the doctrine of pre-
 destination was interpreted differently by different
 sects. Some held it to be an absolute duty to consider
 oneself chosen by God as one of the elect. Also, to attain
 this confidence, that one was of the elect, intense activity
 of some kind in the world was recommended as the most
 suitable means, for only by this means could any religious
 doubt be dispensed. Grace was not a reward for personal
 worth, but one aimed to attain it by engaging in a calling.
 This calling was possible because God worked through the
 individual. So the Calvinist became convinced of his sel-
 vation because he exercised systematic self-control. Worldly
 activity became worldly asceticism, by which Weber meant

asceticism practiced in the everyday world rather than in a cloister, as in ^{The} Middle Ages. The Calvinists' attitude toward life was influenced particularly by the Psalms and Proverbs of the Old Testament, which contain the calm wisdom of the ancient Jews. Weber holds that the doctrine of predestination was important in that it formed a basis for rationalism in economic life.

The doctrine of predestination was also Pietism's starting point. The Pietists, however, were more concerned about being reconciled ^{to} God in this world than about making systematic effort to attain certainty of future salvation. ^{They believed that} God blessed His chosen ones through the success of their labors. ^{However} the fact that confession ^{also} was considered a means of salvation hindered rather than fostered the rational organization of one's economic life.

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We shall not dwell on Methodism, since it really made no new contribution to the idea of the calling. For the Baptist sects, salvation was a gift from God, received only through individual revelation, and it was offered to everyone. Conscientious conduct and a rational attitude resulted from God's speaking to the individual; since they believed that He spoke only when the flesh was silent, they tended to consider carefully their

course of action. They adopted the maxim, "Honesty is the best policy." Since they repudiated everything worldly, they refused to accept State offices, and were thus forced into non-political fields.

In all of these ascetic Protestant movements, then, there was the idea of a state of grace, by which one was marked off from the world, and of which one could not be assured by sacraments, confession, or individual good works. This state could be guaranteed only by proof of possession and the proof was the fact that one followed a specific kind of conduct different from that of the natural man. The individual therefore had an incentive to practice asceticism in his daily life, i.e. plan his life rationally in this world in accordance with God's will, for the sake of the world beyond.

The Puritans ^{of England,} who corresponded to the Calvinists in Switzerland, believed that the pursuit of wealth was to be discouraged, because it led to idleness, and one must not rest here on earth, if he was to be certain of the state of grace. Waste of time was regarded as the worst of sins, and St. Paul's dictum, "He who will not work, shall

"not eat" held for everyone. Specialization of occupation was permissible, since the worker thereby became more skillful and thus the welfare of society was increased. Worldly asceticism (i.e. asceticism practiced outside a cloister) demanded a systematic, methodical character, and such a character a man with a fixed calling had. The more useful to society a calling was the better, since it was for that very reason more favored by God, and success in one's business meant that one had received God's approval. They felt that they were God's chosen people and this helped to develop that formalistic, hard character which they possessed.

The Puritans' concept of asceticism and of the calling influenced the capitalistic spirit for two reasons; first, because these concepts included an aversion to the enjoyment of life, and second, because these concepts made the impulse to acquire this world's goods legal, and in fact included ^{the idea that} the impulse was willed by God. - Man might use his means for necessary and practical things, but must not pursue wealth for its own sake. Systematic work in a calling was the highest means to asceticism and the surest proof of one's faith. Through the combination of the two ideals, limitation of consumption and release of

The acquisition impulse, men were compelled to save and thus accumulation of capital inevitably followed. Business honor was considered by the Protestants to be the same as ethical fitness, and on the latter depended admission to Holy Communion. Such an idea tended to produce capitalistic individuals, for the bourgeois business man felt that he was fulfilling a duty in seeking his financial interests, as long as he did what was formally correct. Religious asceticism caused workmen also to be industrious and sober, since they felt that their work was in accordance with God's will for their lives. Labor was not merely an economic means; it was a spiritual end. Inequality in this world's goods was ordained by Providence. Moreover, the laborer must be faithful at his task, even at low wages, since this was pleasing to God. The pious should be diligent, thrifty, and prudent, for such were fairly well assured of prosperity.

Judaism also helped to make moderate rational capitalism possible, one reason being that it alone of all Oriental religions was opposed to the belief in magic. This hostility to magic it transmitted to Christianity. Protestants could therefore conduct their enterprises without fear of succumb-
 ing to powerful evil forces.

The bourgeoisie were the promoters of this new economic order which became apparent about the close of the fifteenth century. Regardless of the commercial and landed aristocrats of the day, they sought to build up successful businesses. They were supported in the struggle by their new idea of religion. Asceticism, in the form of a calling, built the foundation of the modern economic order. Traditionalism in economic life was overcome, because

the capitalist who persisted in conducting business in the old way was gradually superseded by the shrewd entrepreneur, who rationalized his business and intensively pursued profits.

The result has ^{come to} been that the business man now exists for the sake of his business, ^{at} which he works continuously and which is a necessary part of his life. ?

Down to the time of Weber's writing (1915), most of the business leaders, capitalists, and skilled laborers of modern industry in Germany were Protestants. The Catholic, he observes, is quieter, has less of the acquisitive impulse, and prefers a life of the greatest possible security, with a smaller income, to a life of financial ^{or other} risk, even though accompanied by the chance of gaining honor and riches. And this fact may be due to the kind of education which the Catholic receives. It is the Protestants who have tended to develop national economic enterprise. Today ^{however,} (1915), Weber writes, the concept of the calling

in the first part of the book, 1905
 *No. The Protestants, 160 ff.

no longer exists. The capitalistic spirit is still the pursuit of wealth, but not as a calling with any religious connotation; it is a worldly calling, pure and simple. As the religious influence of the Protestant sects disappeared, the masses of workers no longer believed that they would receive eternal happiness in return for their labors. It was then inevitable that the disadjustments of modern economic society should arise, and arise they did, at the end of the early period of capitalism, i.e., in the nineteenth century.

Weber, of course, realized that, in an investigation of this subject of the modern capitalistic spirit, one should study also the other forces or factors which have aided the development of capitalistic enterprise. Among these may be mentioned the technical utilization of scientific knowledge, the rational development of law and of administration. One might then see how Protestant asceticism was itself influenced by them. Weber, however, ^{as we have seen,} considered only one ^{factor in one} side of the subject, viz., the influence of the religious factor in the capitalistic order.

Cunningham tells us that the remarkable changes in the economic life of western Europe which occurred from about the beginning of the fourteenth century to the close of the sixteenth were due to a number of forces. Among these were the opening of new lines of commerce, the organization of industry along capitalistic lines, the growing power of the nationalist

states, which fostered industry and commerce for their own ends, and the work of such men as Cecil in England and Jacques Coeur in France, who helped to remodel the industrial life of their country. However, the only mention of the religious factor as an influence, ^{on the capitalist spirit} is the statement that the economic progress of these countries, such as France and Spain, which insisted on adopting a policy of intolerance with regard to religious views, was markedly retarded by that policy. He refers probably to the expulsion from Catholic Spain of the Mohammedan Moors and of the Jews, which meant the loss of some of her most industrious and capitalistically minded men, and ^{also} to the Revocation of the Edict of Nantes in 1685, by which toleration was no longer extended to Protestants in France. The Revocation of the Edict resulted in the emigration from France of about 250,000 (out of one million) Huguenots, who were skilled artisans or men destined to be future capitalist undertakers, and in holding back France's economic progress some decades.

Tawney's thesis is ^{that} Protestantism (and particularly Puritanism) and the social or economic order reacted on each other, since the two were intertwined. Like Weber, however, he actually discusses only the influence of Protestantism on the ^{economic} capitalist order. He first distinguishes between the teachings of the several sects of Protestantism, viz. Lutheranism,

Calvinism, and Puritanism.

Luther taught that salvation was an individual matter, attained by faith, not by works. Since he disliked all capitalistic activities and admired the peasant's life above all others, his teachings were not helpful in correcting the economic evils of the day, such as usury, and certainly did not aid in promoting capitalism.

The Calvinist aimed to glorify God by means of his actions. He thought the world was to be sanctified by labor and by strife; in fact, only by stern discipline could the Church, the State, and the community be prevented from becoming corrupt. The Calvinists realized that capital and finance were necessary and considered that capitalists were performing a real service acceptable to God. Interest was condoned, but with restrictions. They felt that the Christian should conduct his business as a kind of religion, and that the industrious tradesman should be also a good Christian and a good citizen. The pauper who was idle was really sinning against God. In Geneva, Switzerland, the Calvinists so organized the community for a time that economic activities were under the control of a body composed of both ministers and laymen, the so-called Consistory. Calvinism then sanctioned individualism, since it approved of business enterprise, and also, ^{collectivism,} controlled business enterprise through

The Consistory

When the Reformation Age began in ^{in the Tudor Age,} England, the people still felt that religion was concerned with all the activities of man, and that the Church, the guardian of the moral law, should set forth its views regarding economic ethics. Usury was prohibited at that time by the laws of the Church of England. As a rule, the peasant and the humble bourgeoisie agreed with the ministers' teachings, and it was only the new business men of the day (the capitalist and enclosing landlord) who argued for individualism. Both the statesmen and the churchmen of the time considered that the State was a practical convenience and existed in accordance with God's will. They held also that a man should consider not only his own private welfare but also the interest of society. The government, which tried to be paternal and benevolent, endeavored to enforce social obligations on both rich and poor, since the public interest, they argued, should not be sacrificed to private gain. The Church also taught that the use of property should be limited by one's duty to the State and by the duty of kindness to one's tenants. The capitalist landlords of that period, however, who bought up land and engrossed

and enclosed it, held that the individual had the right to exploit his property to his own advantage, regardless of his neighbor, so long as he remained within the limits of the law. They, therefore, felt that when the government opposed depopulation of the land, it was interfering with property rights.

By the beginning of the seventeenth century, however, the old social teaching of the Church no longer counted, i.e. people were beginning to feel that social theory should not be based on religious doctrines. The business men and financiers of England were becoming more and more powerful, and despised the nobility and landed gentry, who were incompetent in business. It was these industrial and commercial classes which became the religious radicals, the Puritans. In fact, it is with the appearance of the Puritans that the Reformation Age ^{really} began in England. ^{It is true that} The Puritans believed, as had the Englishmen of a ^{the} previous generation, that all human activities are embraced within religion, and that the Christian must abide by certain ethical standards which apply to all phases of life, economic as well as others. ^{One} must not make money at others' expense, and although it was lawful for a Christian to accept money

ordinarily, it was, ^{still} unlawful to do so when the lords
 took advantage of the commoners. But by the latter part of
 the century, society had come to be regarded as a kind of joint-
 stock company. The members of this company entered simply to
 insure their rights, which were already theirs by grant of
 Nature. The State existed to protect these rights, the most
 important of which were property rights, and to maintain
 freedom of contract. On the other hand, the liabilities or responsi-
 bilities of these members were considered to be strictly
 limited. Those who did not own property (i.e. all
 below nobility, gentry, and freeholders) were "the poor", who
 had no legal claim to share in the profits of society.
 The Puritans then, as we have said, were individualists,
 impatient of government control, ^{and} their sense of a common
 social responsibility was weak. Wealth alone came to be
 admired, since it was regarded as the reward for energy
 and skill; for the poor the Puritans had no pity. The Christian
 virtues were no longer honored in the ethical code which the
 Puritan used in his business and political life. The idea
 came to be that "the advancement of private persons will be the

advantage of the public. In short, Puritanism in England, as commerce and finance expanded, dropped the second phase of Calvinism (the idea of collectivist government) and retained only the first phase, viz. individualism. And individualism became the characteristic of Puritans. The Christian life should be organized and systematic; everyone had his calling, and the conscientious discharge of business duties was one of the greatest of religious virtues. "To labor is to pray," ^{was the belief} the thesis of Richard Steele's "Tradesman's Calling," is that there is not necessarily any conflict between religion and business. The Christian virtues, diligence, moderation, sobriety, ^{and} thrift were the very qualities most conducive to commercial success. The philosophy was that, in winning the world, a man won the salvation of his own soul as well.

In stressing that spiritual life was a matter of contact between the individual and his Maker, Puritanism tended to nurture the idea that no one was responsible for his brother. That society had no responsibility for the poor or unfortunate. Improvidence and idleness were the great sins. The theory was now that misfortune was punishment for sin; therefore reducing wages was a way of increasing the demand for labor. The first virtue of the poor was industry. The economist said that it was economically disastrous to "indulge" the poor. By the 18th century the English commercial classes were prepared to sacrifice everything else to their economic ambition. Instead of being the keystone of the social organization, religion had become

only one stone within it. Religious doctrines and economic ethics were quite separate, the first being concerned with the individual soul, the second with business and social activities.

Tawney thus holds that the capitalist spirit, though nurtured in its infancy by Protestant teachings, particularly ^{Calvinist and} Puritan doctrines, in its advanced stage became pretty much alienated from religion.

Sombart holds that as far as western European history is concerned, there have been two phases of the capitalist spirit, the early phase, dating from about 1500 to the middle or close of the 18th century, and the modern phase, dating from 1750 or so to the date of Sombart's writing (1915). The important elements of that spirit, however, (viz, acquisitiveness, enterprise, middle-class respectability, and exact calculation) are found in both phases. It was the combination of greed for gold or money, which by the 13th century had spread to all classes, and the spirit of enterprise which produced the ^{early} capitalist spirit.

The origins of enterprise are to be found in the martial undertakings of leaders of hireling soldiers in the later Middle Ages, in the manorial system, in the absolute States of the 15th to the early 16th centuries, and in the Church, which was run on a national plan, and which called for much organizing talent. In the 16th and 17th centuries this spirit of enterprise was exemplified by the sea-robbers of England, including the discoverers of the

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 new lands beyond the sea, and the directors of the great trading companies; by the landlords of the manorial systems, when these had become enterprises for profit; by the monarchs and state officials of the absolute states; by the speculators or promoters of new companies (e.g. South Sea Bubble promoters); by the traders who engaged in manufacturing (e.g. The Florentines and The Jews); by the craftsmen who extended their firms through skillful contracts and by calculating and saving.

The capitalist spirit inculcated in this early period the middle class or "bourgeois" virtues of industry, thrift, and moderation, and was well exemplified by the 15th century Florentine tradesman. The maxims of the capitalist undertaker and respectable citizen of the time were 1) that expenditure must never exceed income; you should be good and you will be prosperous, and by good they meant economical; 2) that thrift is a virtue, and one should earn much and spend little; and 3) one's time should be profitably employed, for diligence and application are the sources of wealth. These ideas continued to be the maxims of the good bourgeoisie, i.e. of business men, down into the 14th, 17th, and even 18th centuries and gradually became the characteristics of the modern capitalist undertaker, ^{although they later held a different position in his business life.} Another maxim was that business morality consists of 1) commercial honesty or trustworthiness and 2) personal morality or middle-class respectability. This second component of business morality should be practiced for the sake of one's business; in fact, for business purposes

the mere appearance of respectability was enough.

For the early capitalist, man was ^{the} "measure of all things". He prized wealth, but believed that it was the proper utilization of wealth which gave man happiness. Moreover, wealth was to be acquired honestly and justly, and one should be content with fair gain. The business pace was slow and the business man, calm. The common practice was to retire in middle age, after one had amassed a fortune in business. It was customary to demand as high prices as possible in business, so as to obtain large profits on a small capital. Your customers were yours and "customer hunting" by competitors was disapproved of. One must not undersell his competitors, nor even advertise one's goods. Tradition and custom still ruled. Any device or system to get the product to the consumer more directly and more cheaply was frowned upon, either as taking away another's business or else as taking away employment from people. Production for use to satisfy wants, was still the rule, hence the stress laid on good products.

But by the beginning of the 19th century, we find that these ideas have changed. The modern business man and the perfected capitalist spirit has appeared. For

the modern capitalist, man is not the measure of all things; the capitalist's real issue is now to see his business thrive. He is constantly seeking to expand it, this extension of business being the goal, while the supplying of cheap and good products is the means of attaining the goal. Profits must necessarily follow, but expansion, i.e. production of greater quantities of goods at the cheapest possible price, is necessary for "economic progress." The modern "values" or ideals of the business man are similar to those of a child, i.e., he is delighted by 1) physical business in any area of activity, particularly by large sums of money, 2) speed or quick movement, by the idea of "beating the record," 3) novelty, e.g. in journalism, clothes, and so forth, 4) sense of power, e.g. conquest of nature, great scientific discoveries. He is still engaged in trading and in skillful speculation, such as stock exchange activities, but the calculations necessary in business are more difficult, and his activities are many-sided, since there are now so many fields of economic enterprise. His work occupies all his time; all his higher instincts are crushed out by devotion to business. He is ever ready to accept new methods, if they are more rational. He produces for exchange rather than for use. Since profits are his

goal, he seeks greater sales of his goods, new markets, more customers; hence his lack of concern about quality of product. He sells as cheaply as possible, his motto being much business, small profits, quick returns. He seeks customers and advertises to draw them. To attain his goal, he wishes competition to be unrestricted, and, in fact, wishes to be free from restraint of any kind, legal, social, or moral. His actions are unscrupulous, and though the middle-class virtues (industry, frugality, and honesty) are still practiced, they have a different place from that which they had in the early capitalist period. The modern capitalist works hard, because the business carries him along with it. He is thrifty and is still guided by the rule that expenditure must not exceed income, but in private life, he is not so fanatical, and often lives luxuriously. He is mechanically honest in business, because it is a matter of business routine and the firm must have a "good name", but his personal morality or honesty may be non-existent. These statements regarding the prevalence or non-prevalence of the three middle-class virtues apply to the large enterprises, for these virtues may still

be found in entrepreneurs directing smaller undertakings.

Now what are the forces responsible for this development of the capitalistic spirit to its present form? Sombart holds that biological foundations and social forces, as well as moral or religious forces have contributed to its present perfected stage. Also, we should note that in the early capitalistic stage it was the entrepreneur's spirit which helped to produce capitalism, but in the modern capitalistic age it is capitalism which helps to produce the capitalist's spirit. ¶ Some people are born with the qualities comprised in the capitalistic spirit, some are not. The born capitalistic undertaker possesses the perfect bourgeois temperament, which is a combination of the unobtrusive nature and the qualities of the respectable middle-class citizen. The essential characteristics of the capitalistic undertaker are intelligence, i.e. quickness of comprehension, shrewdness or capacity to make correct valuations about any situation, and imagination or resourcefulness, and in addition, abundant vitality, joy in one's work, and lack of sensitiveness. The respectable middle-class nature or temperament is that which calculates, takes, hoards, is orderly and interested in duty and

ethics rather than in love. The social forces which helped to develop the capitalistic spirit were varied: The policies of the States or nations in the 16th and 17th centuries, including their ecclesiastical policy, the increase in the same period in the supply of the precious metals, technical inventions from the 15th century onward, the philosophy of rationalism, migrations of heretics from the end of the 15th century onward. Of these social forces we are concerned with the ecclesiastical policy of the States in the 16th and 17th centuries, and with the heretics' migrations from the close of the 15th century on, since the religious factor enters into each of them. — By the ecclesiastical policy of the States ^(or nations) in the 16th and 17th centuries, all heretics or non-conformists, i.e. all those who dissented from the views of the national churches established after the Reformation, were excluded from public office. Such persons therefore turned to economic activities, especially capitalistic undertakings, since these offered the greatest profits, and money, for them, was the only means to power. "Heretics" included Jews in all States of western Europe, Catholics in Protestant countries, and Protestants in Catholic countries. As

Dissenters, their economic activities were hindered in various ways, and their economic abilities therefore tended to be highly developed. They had to be exact in calculations, unusually conscientious, and to make great efforts to meet their customers' needs. And so from the 16th to the 18th centuries they were the prominent manufacturers, traders, and bankers. In fact, they dominated commerce. So it is therefore, come to the conclusion that "in every case nonconformity is no insignificant source of the capitalist spirit. The migrations of persecuted heretics from the end of the 15th century onward, whether of Jews, Protestants, or Catholics, to other ^{European} lands resulted everywhere in the building up of the capitalistic order, particularly in banking and industry, in the lands to which they went. They resulted, ^{also} everywhere in an ^{appreciable economic} decline in those countries from which they departed. Examples of countries in which the capitalistic order received an impetus, ^{from the coming of the ~~heretics~~ ^{they came}} are England, Germany, and Holland, and also Holland, due to the coming of English Catholics, of Jews, Wallons, and others. Examples of countries which declined economically are France, after the Revocation of the Edict of Nantes, and Spain, after the expulsion of the

Mohammedan Moors and the Jews. Also, the religious emigrants from Europe who came to America in the 18th and 19th centuries possessed the capitalistic spirit, for, ^{among} their characteristics were greed of gain, excessive devotion to work, mad pursuit of profits, extreme economic rationalism. Of course not all persecuted heretics emigrated from their country, but in the case of an appreciable proportion, religious persecution resulted in the decision to depart, and the members of this self-selected group possessed those characteristics which are elements of the capitalistic spirit. Moreover, these same characteristics are found in their descendants of to-day (1915).

Now as to the moral or religious forces which have helped to produce the modern capitalistic spirit. The philosophy of the ancients and Utilitarianism were the basis of the economic ideas of the early capitalistic period. These ideas were expressed by such men as Alberti, a Florentine bourgeois businessman and writer, and Benjamin Franklin, the American bourgeois patriot. The Stoic idea that reason governs instincts was turned into a rationalization of all life; life should be disciplined and methodical, they felt. The Florentine bourgeois economists thought that, according to the philosophy of the

ascetics, they were justified in their ideals of acquisitiveness, avoidance of idleness, rational conduct. Another basis for the ideas of early capitalism was the teachings of the Catholic and Protestant Churches, and of Judaism, for all three religions set forth specific views regarding economic ethics.

The doctrines of Catholicism unite the two ideas of love, as set forth by St. Paul and St. Augustine, and of legalism or close adherence to law, set forth in Roman Law. The fundamental idea was that reason should govern man, as it governs the universe, and man is made rational by the fear of God. Virtue is simply the maintenance of equilibrium in all things. When man applies the rule of reason to economic life, the result is acquisitiveness and rationalism. The rule of the Church that the sensual life of man should be controlled was beneficial to capitalism, since the man who lived abstemiously would be apt to manage his business economically and vice versa. The Scholastics, who expressed the doctrines of the Church, praised the proper balancing of income and expenditure, by which one avoided the extremes of extravagance and of avarice. Industry, frugality and honesty, particularly commercial honesty, were stressed by them. "Moral laziness" and luxury were

condemned. The two cardinal virtues were wisdom and strength. All these virtues were the very qualities needed by the successful entrepreneur. It did not matter whether one was rich or poor; in any case, it was God's doing. What mattered was how one used his wealth. The purpose of riches was to minister to man's wants, and through man, to serve God. As to acquiring wealth, the views of Schoolmen differed. St. Thomas Aquinas held, as had thinkers in the pre-capitalistic era, that everyone had his station and calling, and an income corresponding to that. But other Schoolmen, of the 14th and 15th centuries, held that it was right for one to rise above his station and therefore to accumulate the capital suitable for the higher status. Of course, one should not leap up wealth simply for its own sake. The attitude of the Schoolmen toward money gave an impetus to the growth of the capitalistic spirit, for some St. Thomas distinguished between borrowing for unproductive purpose (i.e. making loans) and borrowing for productive purposes, (i.e. to use funds as capital, and thus produce more capital). They considered it wrong to receive payment for the first purpose, but right to receive it for the second. One might justifiably receive interest for the loaning of capital, provided

to participate in the undertaking, and thus was prepared to share in any losses which might occur. Industry should be rewarded, but professional money-lending should not.

While some of the Protestant doctrines or views promoted, others tended to retard the development of the capitalistic spirit. Eg. Lutheranism favored the sustenance economy idea, and in fact, ignored capitalism. Again, the Puritans, like the Schoolmen, thought that neither lack of means nor the possession of them affected one's salvation, but while the Schoolmen were sympathetic to wealth, the Puritans rather favored poverty. The love of money had evil results, according to Baxter, a typical English Puritan writer on morals, and so the acquisition of wealth, especially by means of capitalistic enterprise, was disapproved of also. To flee from the world was the ideal of the pious Puritan of those days (17th century), and it was thought, particularly in Scotland, that most of one's time should be spent in service to God. In so far as Puritanism stressed rationalization of life and proclaimed the same virtues as did the Catholic Schoolmen, viz. industry, useful employment of one's time,

avoidance of sensuality and drunkenness, economy, it served capitalism. This last virtue, economy, was, however, looked upon somewhat differently by the Puritans from the way in which it was by the Schoolmen. The Puritans took an extreme view of economy, really lost the sense of beauty and tended to miserliness, whereas the Schoolmen loved beauty and magnificence, and the artistic. Somewhat therefore holds that Puritanism is hardly to be considered the ^{original} promoter of the practice of the middle-class virtues, in as much as these had been, ^{already favored by the Schoolmen and} practiced for many generations before Puritanism arose. Also, it cannot be considered accountable for the great development of acquisitiveness, since it held that wealth could be justified only if spent in ways pleasing to God, and was not regarded as an end in itself. Neither could it be held accountable for unscrupulous gain and free competition, since it upheld honorable business dealings, or for the great capitalistic enterprises, since it did not favor adventurous projects. It is true that there were some great Puritan entrepreneurs, but their greatness was probably due, he thinks, to racial characteristics or to good fortune.

The Jews were a most God-fearing people, much more so under the influence of the religious precepts of the Talmud

and of their rabbis, who gave them advice on economic matters. They regarded their moral laws as an essential part of the divine law of nature. Judaism really perfected all the teachings which we have mentioned as being beneficial to the capitalistic spirit; e.g., it favored riches even more than the Sankhyan did, it favored rationalization of life even more than Catholicism did, and it suppressed all artistic tastes and therefore, to a certain extent, favored frugality. Moreover, Jewish ethics were not affected by the Christian ideal of love; in fact, they were imbued with an extreme nationalist spirit, so that Judaism favored, for a thousand years longer than Christianity did, the development of those qualities characteristic of the capitalistic spirit. Moreover, the teachings of Judaism were that, in intercourse with Jews one should practice one type of morality, but in intercourse with strangers the Jew should practice another type. In other words, the Jew was taught that he might be unscrupulous toward strangers, and the result was that their commercial morality was "elastic", according to Sombart's terminology. Therefore, the Jewish idea of commerce and industry changed, and they favored free trade and a laissez-faire policy. The Jews felt that if these ideas of commercial morality were approved by Jewish law, then they must be in accord

with God's will. Such ideas were of course favorable to the capitalistic spirit.

A change in the capitalistic spirit occurred, as time passed and the period of modern capitalism arrived. The restraining influence of the Christian religions became less and less, capable of setting bounds to economic or capitalistic activities, while Jewish ethics, which permitted unscrupulous competition in dealings with strangers, came more and more to the fore. Accordingly, the Jews engaged in this unrestricted competition, and the modern capitalistic spirit is, therefore, the product to some extent, at any rate, of their doctrines or views.

The capitalistic spirit, as we have explained, comprises other qualities besides those which are subject to the influence of moral forces. And in the period of modern or perfected capitalism these other forces, resulting from existing social conditions, became more important than the moral forces as influential factors.

Sombart briefly brings out the fact that not only has religion affected the economic order during the centuries which have seen the birth and growth of the capitalistic spirit, but economic conditions have also affected religious ethics. Economic conditions clearly affected Scholastic ethics in the 14th and 15th centuries, and

also Calvinism, later. Puritanism, too, though really hostile to capitalism, was forced to concede that the middle-class way of life, which was motivated by love of gain and by an enterprising, adventurous spirit, was compatible with the state of grace or salvation.

Sombart, then, in his treatment of this subject, differs from Weber and Tawney, first, in that he assigns a definite place to the influence of forces other than religious, ^{or, viz,} biological and social factors and discusses these in some detail, and second, in that he holds that, while some of the teachings of Puritanism were beneficial to the capitalistic spirit, others tended rather to have a deterrent influence, and third, in that he does, though briefly, consider ^{the fact that there is} a reciprocal influence of economic conditions on religious doctrines.

The whole discussion properly belongs to the domain of idealistic vs materialist interpretation of history as derived from Hegel and Marx. Weber's thesis was the first serious challenge to the ~~Marxist~~ ^{Marxist} thesis contention that the Reformation was merely the 'religious' accompaniment of the economic individualism implied in the 'capitalistic' attitude. Though Weber overstated his case, his contribution, as formulated by Tawney, is a ^{permanent} ~~valuable~~ ^{valuable} ~~contribution~~ ^{contribution}.