

Max Weber's 'Basic Concepts' in the Context of his Studies in Economic History¹

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It would be a relatively easy, if time-consuming, task to assess the importance of economic history for Max Weber by reviewing his writings from 1889 to 1920 and in this way establishing that economic history was for him ubiquitous and dominant. One could go further, and emphasise that problems of an economic-historical nature make up a large part of his scholarly problematic. Weber had stated as much when addressing his Munich students, expressed as an idiomatic critique of the materialist conception of history:

In conclusion, it should be emphasised that economic history (including the history of 'class struggles'), is most definitely not, as the *materialist conception of history* claims, identical with all culture in its entirety. Culture is not simply the resultant, nor solely a function, of economic history; rather economic history presents only a foundation, without which however productive study of any of the great realms of culture is inconceivable.²

This 'foundation' underpins Weber's entire body of writing, from the *History of Commercial Partnerships* (1889), through his second dissertation on *Roman Agrarian History* (1891) and on to his final works, the 1920 'Preface' to the three-volume sociology of religion, and of course his final course of lectures, delivered during the Winter Semester of 1919/20 and published after his death under the title *Wirtschaftsgeschichte. Abriss der universalen Sozial- und Wirtschaftsgeschichte* (1923). Between this beginning and end there lies a long list of Weber's writings in which economic-historical issues play a significant role. Among them are such different works as the agrarian histories of antiquity,

1. This is an edited translation of a paper written for a conference on Max Weber's 'Basic Concepts' (Zentrum interdisziplinärer Forschung; Germany: Universität Bielefeld, June 2005).

2. 'Preface' to *General Economic History*; this issue, p. 37.

the studies of stock and commodity exchanges, the essay on Prussian entailment, and above all the entire complex of investigations into the origins of modern capitalism.

This emphasis upon the economic historical dimension of his writings is only intended to draw attention to the permanence and forcefulness of economic historical problems and questions in Weber's work. Viewed from the perspective of an intellectual biography and a biography of the work one could first note the close connection for Max Weber, as a student of Goldschmidt, between questions arising in legal and in economic history; and these questions characterise his work right to the end. There is not space to deal with this in any detail; but Knut Borchardt has done so in connection with his editorial work on Weber's writings on the Bourse;³ and for Weber's studies of ancient economies there is now, amongst others, the book by Luigi Capogrossi Colognesi.⁴

From the perspective upon Weber that the history of his writing gives us, we could be tempted to pose two initial questions: first, whether there was any evidence of development, and if so, in what sense; and second, when or where the economic-historical dimension in Weber's work reached its zenith. The formerly well-established idea – still not entirely abandoned by the secondary literature but nonetheless mistaken and entirely misleading – that Weber's work can be divided into two periods, the first dominated by empirical and economic historical interests and the second by sociological interests, stands revealed from this perspective as totally inappropriate. This now-superseded viewpoint considered the years around 1900 to be the hinge of his intellectual development, that is, during the period of his mental illness and the subsequent relinquishment of his economics chair at the University of Heidelberg. His 'sociological' relaunch is then associated on the one hand with the *Protestant Ethic*, and on the other with his 'methodology'. Marianne Weber placed emphasis on this latter view in the biography of her husband, first published in 1926:

Now, in 1902, after a severe crisis from which he had still not recovered, Weber's creative impulse strayed into completely different intellectual provinces... Is it the outcome of external prompting, or of inner neces-

3. Knut Borchardt, 'Max Weber's Writings on the Bourse: Puzzling out a Forgotten Corpus', *Max Weber Studies* 2.2 (2002), pp. 139-62.

4. *Max Weber und die Wirtschaft der Antike* (Göttingen: Vandenhoeck & Ruprecht, 2004). German translation of: *Max Weber e le economie del mondo antico* (Roma-Bari, 2000), including references to earlier work by the author.

sity, that as a thinker he first retreats from reality and devotes himself to thinking about thinking, to the logical and epistemological problems of his science?⁵

Not by chance did it become customary to separate Weber's 'historical' and 'empirical' work of the 1890s from his later sociology. For Weber, sociology, and the social sciences in general, were always empirically founded; but this principle was casually ignored, and so the opportunity of understanding Weber's magnificent surveys of the condition of rural workers as the beginning of his genuine sociology was lost for decades. Conversely, the division of his work into an initial historical-empirical, 'younger' phase, and a second, theoretical-sociological 'mature' phase resulted in an underestimation of the historical dimension of his work *after* 1900. For we can identify the high point of his economic-historical approach in the following closely-connected complex of works, without however implying that the economic-historical dimension is here the dominating one:

The Protestant Ethic and the 'Spirit' of Capitalism (1904/5)
 Agrarian Relationships in Antiquity (1909, 3rd edn)⁶
 The City (1911-14, published 1921)
 The Economic Ethic of World Religions (1915-20)

To this context also belong several parts of *Economy and Society*, plus of course the *General Economic History*. If we survey the entire period of Weber's writing, we can certainly detect a process of development in respect of economic history: it is revealed by a change in the manner of conceiving its questions and problems, and in the degree to which economic history is integrated into study of the 'great realms of culture', as Weber formulated it in the lecture from which I quoted above.

A realisation that economic history runs through almost all of Weber's entire writings should not really be that surprising. For in whatever way one might wish to formulate Weber's 'central question', it is unarguable that Naumann's contention — 'Just as the Frenchman asks himself, "what is the great Revolution?"', so our own national fate has given us the enduring question: "what is capitalism?"'⁷ is cer-

5. Marianne Weber, *Max Weber. Ein Lebensbild* (Tübingen: J.C.B. Mohr [Paul Siebeck], 1926), p. 319.

6. Translated as *The Agrarian Sociology of Ancient Civilizations* (London: NLB, 1976). All translations from the 1909 edition of the essay on *Agrarverhältnisse* are by Keith Tribe from the German original.

7. F. Naumann, 'Das Suchen nach dem Wesen des Kapitalismus', *Die Hilfe* 178 Nr. 37 (14 September 1911), pp. 578-79.

tainly true for Weber; and he always conceived this to be a question of causality, which he generally approached historically, hence as economic history. In place of any amount of evidence I refer only to the manner in which Weber and Sombart defined, during that *annus mirabilis* of 1904, the domain of study to which their new journal, the *Archiv für Sozialwissenschaft und Sozialpolitik*, would be addressed:

Our journal has today to regard historical and theoretical knowledge of the general cultural significance of capitalist development as the prime scientific problem to which it is devoted.

And in so doing, they add, one had to start from an 'entirely specific viewpoint': 'that of the economic conditionality of culture phenomena'.⁸

Establishing the clear centrality of economic history for Weber's work points up a quite obvious contrast with the entirely secondary, if not tertiary, significance that this economic-historical dimension is allowed in Weber commentary.⁹ Nor can we ignore the fact that in the prevailing self-understanding of the discipline of 'economic history' Weber occupies at best a marginal place. This could be explained in part by the evolution of the discipline in Germany, whose real institutional origin came after the Second World War and whose pre-history in respect of the historical school of economics is in general disregarded, a school whose former ascendancy was in any case surrendered to an entirely dehistoricised economics at about the same time that Weber died, in the early interwar years.¹⁰ Weber is occasionally conceded a place in the pre-history of the discipline—he is said to have developed a 'contrary position to the materialist conception of

8. Die Herausgeber [Werner Sombart, Max Weber, Edgar Jaffé], 'Geleitwort', *Archiv für Sozialwissenschaft und Politik* Bd. XIX Heft I (Bd. I N.F.), p. V*. In the essay on objectivity published in the first number of the relaunched journal, Weber wrote that '...one of the most important aims of our journal is the advancement of historical interpretation from an economic-historical perspective'. Weber, 'The "Objectivity" of Knowledge in Social Science and Social Science Policy', in Sam Whimster (ed.), *The Essential Weber* (London: Routledge, 2004), p. 371.

9. Leaving to one side the debate over the so-called 'Weber Thesis', which before the war, and partly after it, was sustained by economic historians.

10. See on this my essay 'La storia economica: nascita della disciplina e situazione attuale. Il caso della Germania'. *Storica* 1998, pp. 103-17. Werner Abelshausen has called for a renewed awareness of the importance of the Historical School: 'L'école historique et les problèmes d'aujourd'hui', in Hinnerk Bruhns (ed.), *Histoire et politique en Allemagne de Gustav Schmoller à Max Weber* (Paris: Éditions de la Maison des sciences de l'homme, 2004), pp. 19-38.

history' and modified the Marxist theory of class struggle.¹¹ His lectures on economic history which, after their publication in Italy were regarded as a highpoint in economic history,¹² have never been taken into the canon of German economic history. And when in 1985 Max Weber was placed centre-stage as 'Max Weber, Historian' at the International Congress of Historical Science this was not the work of any economic historians.¹³ Even during their relatively recent identity crisis, German economic historians did not seem to think that one of their leading questions, whether the central questions of economic history were to be found in economics or in history, might benefit from Max Weber's disputes with the historical and theoretical tendencies of contemporary economics.

In the English-speaking areas of the world Weber's *Wirtschaftsgeschichte* has had a rather shadowy history. It was, in 1927, the first of Weber's works translated into English after his death, three years before the *Protestant Ethic*. But the translator, Frank Knight, omitted the 'Conceptual Preface', which would have made it easier to connect the text of the lectures to Ch. II of *Economy and Society*, 'Basic Sociological Categories of Economic Action'. It is only very recently, linked to the revival of economic sociology, that interest in Weber's *Wirtschaftsgeschichte* has revived.

Only in two areas of economic history has Weber's work prompted intensive debate. During the interwar period, and up to the 1960s, Weber occasionally played the role of a genial troublemaker: The *Protestant Ethic and the 'Spirit' of Capitalism* was regarded by many

11. Thus Will A. Boelcke, *Wirtschafts- und Sozialgeschichte. Einführung, Bibliographie, Methoden, Problemfelder* (Darmstadt: Wissenschaftlicher Buchgesellschaft, 1987), who fails to cite one title from Weber's texts.

12. See Gino Luzzato, 'Un sommario di storia economica', *Nuova Rivista Storica* IX, 1, pp. 93-95. Weber was recognised very early on in Italy as an economic historian. Ettore Ciccotti and Vilfredo Pareto included Weber's *Roman Agrarian History* in their renowned *Biblioteca di storia economica* as early as 1907 (*La storia agraria romano in rapporto al diritto pubblico e private*, in *Biblioteca di storia economica* [ed. V. Pareto, Milan, Vol. II Part II], pp. 509-705). This Italian translation of Weber, together with the Russian translation of the writings on stock and commodity exchanges, the city and agrarian relations in antiquity, escaped Johannes Winckelmann when he noted that the 1927 English translation of the *Wirtschaftsgeschichte* was the first translation of Weber into any foreign language (see his 1958 'Vorwort' to the third edition of the *Wirtschaftsgeschichte*).

13. The contributions to the Max Weber section are published in J. Kocka (ed.), *Max Weber, der Historiker* (Göttingen: Vandenhoeck & Ruprecht, 1986).

professional historians as a challenge, and most (but not all!) of them were highly critical.¹⁴ Fernand Braudel, to take a French voice, certainly believed that he was only stating the obvious when he wrote that

For Max Weber, capitalism in the modern sense of the term was neither more nor less a creation of Protestantism, or better, of Puritanism. All historians oppose this subtle thesis, but they have never been able to rid themselves of it once and for all; it simply reappears before them. It is nonetheless manifestly untrue.¹⁵

Braudel had already in 1979, in his great book *Civilisation matérielle, économie et capitalisme*, pronounced a concluding judgement that could command wide agreement:

The univocal 'idealist' explanation that renders capitalism the incarnation of a particular mentality merely borrows, failing anything else, from Werner Sombart and Max Weber, and is a way of avoiding the thought of Marx.¹⁶

That was of course an entirely mistaken interpretation, both in respect of Weber and for Marx. But it does reflect a widespread opinion.

The second area is that of the history of ancient economy: here Weber's work has had a definite resonance, although by no means a comprehensive one. His dissertation on Roman agrarian history was translated and published in Italian in 1907.¹⁷ Weber's later writings have had an influence upon Johannes Hasebroeck and Fritz Heichel-

14. The literature is too extensive to cite here; see my essay 'Max Weber, l'économie et l'histoire', *Annales. Histoire, Sciences Sociales* 51.6 (1996), pp. 1259-87, esp. pp. 1271ff. For an interesting recent contribution see Karl Heinrich Kaufhold, 'Protestantische Ethik, Kapitalismus und Beruf. Überlegungen zu Max Webers Aufsatz aus der Sicht der Wirtschafts- und Sozialgeschichte', in Karl Heinrich Kaufhold, Guenther Roth, Yuichi Shionoya and Bertram Schefold, *Max Weber und seine protestantische Ethik* (Düsseldorf: Verlag Wirtschaft and Finanzen, 1992).

15. Fernand Braudel, *La dynamique du capitalisme* (Paris: Arthaud, 1985), p. 69n.

16. Fernand Braudel, *Civilisation matérielle, économie et capitalisme* (3 vols.; Paris: Edition Livre de poche, 1993), p. 335. Weber's intellectual closeness to Marx was entirely clear to contemporaries like Joseph Schumpeter: 'That approach to history for which Marx's economic conception of history is a great landmark is here [in the *Protestant Ethic*] for the first time, and *in extenso*, takes leave of an *aperçu*, a mere proposition, and finds genuine fulfilment'. 'Max Webers Werk' [1920], *Dogmengeschichtliche und biographische Aufsätze* (Tübingen, 1954), p. 114. The reception of the 'Weber Thesis' during the twentieth century is of course more complicated and varied, but I cannot pursue the point here unfortunately. It is however not untypical that Weber has had no influence upon, for example, the French *Annales* school.

17. See n. 11.

heim in particular. On the other hand Michail Rostovtzeff, the most prominent ancient historian of the interwar years, never really understood Weber; despite his initial appreciation before 1914 he went on to completely ignore him in his two great social and economic histories of the Roman Empire and the Hellenistic world.¹⁸ This situation then persisted, and it was therefore no great exaggeration when Alfred Heuss, prompted by the centenary of Weber's birthday, wrote that the study of antiquity had proceeded for most of the twentieth century as though Max Weber had never existed.¹⁹

We owe the rediscovery of Weber for ancient history to Moses Finley, especially his book *The Ancient Economy*, published in 1973. Finley drew on Weber for his anti-modernist sketch of the ancient economy,²⁰ and it is evident that Finley's vision of the ancient economy – fundamental importance of agriculture, limited degree of economic rationalisation, political unity of city and hinterland, weak development of trade and trade policy, dominance of war and politics with related effect upon the economic mentality of citizens – are to a great degree influenced by Weber.²¹ One might seek to establish the extent to which Finley's model really corresponded with Max Weber's view of the ancient economy. I cannot pursue this line of thought here; but not because it is entirely permissible to neglect Weber's

18. See my essays 'Max Weber und Michael I. Rostovtzeff. Oder: braucht (antike) Wirtschaftsgeschichte (moderne) ökonomische Theorie?', in Raphaela Averkorn, Winfried Eberhard, Raimund Haas and Bernd Schmies (eds.), *Europa und die Welt. Festschrift zum 60. Geburtstag von Dieter Berg* (Bochum, 2004), pp. 150-71; and 'Max Weber und Mikhail I. Rostovtzeff: une rencontre manqué de l'histoire avec l'économie', *Anabases* 2 (2005), pp. 79-99.

19. Alfred Heuss, 'Max Webers Bedeutung für die Geschichte des griechisch-römischen Altertums', *Historische Zeitschrift* 201 (1965), pp. 529-56.

20. On Finley see Hinnerk Bruhns, Wilfried Nippel, 'Max Weber, M.I. Finley et le concept de la cité antique', *OPUS VI-VII* (1987-1989 [1991]), pp. 27-50; Nippel, 'Vom Nutzen und Nachteil Max Webers für die Althistorie', *Antike und Abendland* XL (1994), pp. 169-80; Nippel, 'From Agrarian to Cross-cultural Comparisons: Weber on Greco-Roman Antiquity', in Stephen Turner, *The Cambridge Companion to Weber* (Cambridge: Cambridge University Press, 2000), pp. 240-55; Jean Andreau, Roland Etienne, 'Vingt ans de recherches sur l'archaïsme et la modernité des sociétés antiques', *Revue des Etudes Anciennes* 86 (1984) pp. 55-83; Raymond Descat, 'L'économie antique et la cité grecque. Un modèle en question', *Annales HSS*, 50 (1995), pp. 961-89; Descat, 'Der Historiker, die griechische Polis und Webers "Stadt"', in H. Bruhns and W. Nippel (eds.), *Max Weber und die Stadt in Kulturvergleich* (Göttingen: Vandenhoeck & Ruprecht, 2000), pp. 77-91.

21. Nippel, 'From Agrarian to Cross-cultural Comparisons', p. 254.

writings on the ancient economy, as is unfortunately the rule in sociological and the few economic commentaries on Weber.²²

We can summarise discussion of Weber's significance in the history of the economy by noting three or four recent publications. The first two belong to the newly-awakened interest in the *Protestant Ethic* among some economists and economic historians.

Firstly, Kaufhold draws attention to the importance of Weber's analysis of 'life conduct' for economic historians, especially in respect of new work in the economic history of professionalisation.²³ His discussion of Weber's concept of *Lebensführung* is linked to Sombart's conception of 'economic ethos' (*Wirtschaftsgesinnung*) and Müller-Armack's later investigations of 'economic styles'.²⁴

Secondly, Stanley Engerman emphasises Weber's importance for economic history: among the methodological points that he notes are, unsurprisingly, the concept of ideal type, methodological individualism and his theory of action. No reference is made however to the basic concepts in the first two chapters of *Economy and Society*. His 'major contribution to the study of economic history'²⁵ is however for Engerman the *Protestant Ethic*. Weber's renewed relevance after decades of neglect on the part of economic historians is to be found, according to Engerman, in his broad problematic regarding 'the process and the nature of long-term growth'.²⁶ One can of course translate Weber's central question in this way; but whether this understanding is on target seems to me less certain. Weber's contribution to the economic history of premodern societies is dealt with under the headings of slavery, rationalism, capitalism and types of domination, but not linked to Weber's relationship with the Historical School of Economics and its economic-historical principles.

Norkus²⁷ emphasises the importance of Weber as an economic historian and that of (economic) historical-genetic causal explanation, with which I deal in the following section.

22. But see the contributions to Hinnerk Bruhns and Jean Andreaeu (eds.), *Sociologie économique et économie de l'Antiquité: à propos de Max Weber* (Cahiers du Centre de recherches historiques No. 34; Paris: École des Hautes Études en Sciences Sociales, 2004).

23. Kaufhold, 'Protestantische Ethik, Kapitalismus und Beruf', p. 84.

24. Kaufhold, 'Protestantische Ethik, Kapitalismus und Beruf', p. 74.

25. Stanley E. Engerman, 'Max Weber as Economist and Economic Historian', in Stephen Turner, *The Cambridge Companion to Weber* (Cambridge: Cambridge University Press, 2000), pp. 256-71 (262).

26. Engerman, 'Max Weber', p. 271.

27. Zenonas Norkus, *Max Weber and Rational Choice* (Marburg: Metropolis Verlag, 2001).

Finally reference can be made to an essay by Michel Lallement which for the first time rigorously links the economic-historical dimensions that Weber's categories and concepts open up to the problematic of the new economic sociology. Quite rightly Lallement maintains that 'Max Weber was especially conscious of the heuristic interest in the model of formal rationality and took care to distance himself from economists who tended to see in it a paragon of universal behaviour'.²⁸

We can generally note that, on the one hand, innovative new research by economists and sociologists investigating the economic dimension of Weber's writing has yet to make any real impression upon economic historians, and on the other that the inclusion of a historical dimension in the new economic sociology is more or less the exception. In Weber it is clear that these levels are not separated. This is explicitly emphasised in the 'Basic Sociological Categories of Economic Action' when he argues, in connection with the complications arising from the calculation of marginal utility 'for entirely rational (hence not tradition-bound) calculation in kind':

One of the chief concerns of economic theory is to analyse the rationally possible *forms* these estimations might take; and of economic history, to follow, through the course of historical epochs, how *in actuality* householding *in natura* has dealt with such estimation.²⁹

And this for Weber was not only a question of calculation in kind, but applied generally to the relation of economic theory and economic history.

*Weber's View of Concept and Type in the Context of Contemporary
Debate over the Nature and Method of Economics*

The second perspective to which we now turn concerns Weber's use of 'concept' and 'type' with respect to contemporary methodological debates in economics. This opens up a central issue for epistemology and methodology that runs right through Weber's '*Wissenschaftslehre*', an issue to which the greater part of his material investigations present a response, or at least attempt such a response. This can only be very roughly outlined here, but two lines of conflict have to be here kept together:

28. Michel Lallement, 'Max Weber, la théorie économique et les apories de la rationalité économique', in Hinnerk Bruhns and Jean Andreau (eds.), *Sociologie économique et économie de l'Antiquité*, pp. 47-68 (51).

29. Max Weber, *Wirtschaft und Gesellschaft* (Tübingen: J.C.B. Mohr [Paul Siebeck], 5th edn, 1972), p. 47.

The question of the significance of economic history, and the relation of history and theory within economics. This was the central point of contention in the debate between the German Historical School and the Austrians.

The second line of conflict runs between historians such as Eduard Meyer and Georg von Below, on the one hand, and economists who worked historically on the other (Gustav Schmoller, Karl Bücher, for example). They argued about methods, concepts and categories, as well as basic assumptions concerning the nature of the economy and its development.

Weber's position between Schmoller and Menger has in recent times been subject to several studies, mostly by economists and sociologists. To the fore – from the perspective both of the history of ideas and of the new economic sociology – is usually the question of what Weber understood economic theory to be, and whether he made a genuine contribution to modern economic theory. The importance of economic history to Max Weber is in this way mostly neglected, or entirely overlooked, since the question is reduced to Weber's position with respect to the Historical School on one side, and the Austrian School on the other. In this connection many commentators have drawn upon some comments made by Weber in letters to Robert Liefmann of 12 December 1919 and 9 March 1920.³⁰ Weber here certainly declared himself to have ('finally') become a sociologist, and admitted that he lacked the strength and attentiveness necessary for the construction of economic theory. But this fails to engage with the nub of the issue concerning theory or history, an issue which deserves renewed attention. For this we would have to take for granted that this issue turned on Weber's relation to Gustav Schmoller, in spite of what we can read in his essays on Roscher and Knies. This reassessment would also have to take into account the manner in which, in recent years, historically-inclined economists have taken an interest in the theoretical dimension of Schmoller's work.³¹

Gustav Schmoller delivered his more or less final judgement on the function of economic history in economics, and on the relation of theory and history, in the 1911 edition of his major contribution

30. See Wilhelm Hennis, *Max Weber's Science of Man* (Newbury: Threshold Press, 2000), pp. 107-108. See also Lallement, 'Max Weber', p. 56 n. 24.

31. Primarily Birger Priddat, *Die andere Ökonomie* (Marburg: Metropolis Verlag, 1995); and Agnès Labrousse, 'Le Methodenstreit; enjeux contemporains d'un débat ancien' (Working Paper No. 11; Berlin: Centre Marc Bloch, 2002).

'*Volkswirtschaft, Volkswirtschaftslehre und- methode*' in the third edition of the *Handwörterbuch des Staatswissenschaften*:

The representation of economic history (as with general history) is, so long as it talks of the national economy, not economic theory but simply building blocks for such theory. The more complete each representation is, the more that it explains the actual development of things, the more that the results of detailed economic-historical representations become elements of theory, lead to general truths.

Schmoller added:

The older, so-called historical economics often sought to make use of the results of general history too hastily; today we can see that painstaking, specialised studies in economic history provide a prime basis for the understanding of history in economic and sociopolitical context, providing a sufficient empirical substructure for economic theory. And so a new epoch of economic science dates more from the time of economic-historical monographs than from the general tendency of Roscher and Hildebrand's historical treatment of economics.³²

In the same way that Schmoller here distanced himself from the first generation of historical economists, Weber (and also Sombart) emphasised his distance from the second generation headed by Schmoller. There were two aspects to this: for one thing Schmoller's conception of *Sittlichkeit*, of morality, was subordinated to the process of historical change, reintegrating once more something that Schmoller had separated. Then also Weber and Sombart, and to some extent also Karl Bücher, took up Schmoller's challenge and set about connecting historical to theoretical economics. Weber's high regard for Carl Menger and the Austrian School in general does not mean that, in regard to the dispute between Menger and Schmoller and in the question of theory construction, he simply associated himself with the Austrians and other 'new economists'. This does not need to be spelled out here in any great detail. It is enough to recall how Weber, together with Sombart, responded to some very hostile remarks originating in the camp opposed to the historical school, hostile remarks moreover which came from a fellow-editor of the *Archiv*. Weber set down his view of economic theory and at the same time clarified his position with respect to the debate between Menger and Schmoller. Schumpeter had in 1914 already forecast that this old conflict could well be revived,

32. Gustav Schmoller, '*Volkswirtschaft, Volkswirtschaftslehre und- methode*', in J. Conrad, L. Elster, W. Lexis and E. Loening (eds.), *Handwörterbuch des Staatswissenschaften* Vol. 8 (Jena: Gustav Fischer, 3rd edn, 1911), p. 294, also see pp. 339ff.

writing in the *Grundriss für Sozialökonomik*, a publication more or less entirely conceived and edited by Weber. In a chapter devoted to the historical school and the marginal utility school Schumpeter analysed the contemporary development of economic science and lent emphasis – quite against the grain of contemporary opinion, and indeed his own, later position – to the theoretical dimension of Schmoller’s views, and the way in which the standpoint of representatives of each tendency, generally regarded as irredeemably inimical, were in fact converging:

A new generation—including adherents of the historical school—no longer wished to persist with mere fact-gathering, and economic theory gained renewed life through this development. There was no more talk of vanquishing the latter. The discussion of method lost in this way its polemical point and a change of topic occurred: one studied historical epistemology,³³ one began to see sociological problems in the ideas with which historians [i.e. historically-informed economists HB] worked.³⁴

Then at this point Schumpeter added sorrowfully that ‘growing agreement in its original meaning’ was today hindered by a reaction against the historical school, which was however moving with the times and towards history: ‘And there is every chance that we will witness the regrettable spectacle of very the same wrongs being done to the historical school that that school had previously dealt out to theory’.³⁵

Schumpeter did not have long to wait. The regrettable spectacle began directly after Schmoller’s death, aged 79, in 1917. Edgar Jaffé published in the *Archiv* a review of Robert Liefmann’s *Grundsätze der Volkswirtschaftslehre*, published that year. Jaffé had been co-editor of the journal with Weber and Sombart since 1904, and opened his article by stating that Schmoller’s death marked the end ‘of one great scientific epoch and at the same time the beginning of another’, an epoch in which the pendulum would swing ever more strongly towards the ‘domain of theoretical analysis of economic affairs’. This was to be welcomed, he wrote, for the historical tendency, ‘to which practically all leading teachers of the science in the German Empire have up to the present belonged ultimately implied the renunciation

33. Here Schumpeter refers in a footnote to Weber’s essays on Roscher and Knies, the essay on objectivity, and the ‘Critical Studies in the Logic of the Cultural Sciences’.

34. J. Schumpeter, *Epochen der Dogmen- und Methodengeschichte, Grundriss der Sozialökonomik I Abteilung, Erstes Buch: Grundlagen der Wirtschaft. A Wirtschaft und Wirtschaftswissenschaft II* (Tübingen: J.C.B. Mohr [Paul Siebeck], 1914), p. 108.

35. Schumpeter, *Epochen*, p. 109.

of a science capable of standing on its own feet, working with its own methods'. And then Jaffé got personal. Characteristic of this renunciation by economics of its own method was

...the position of men like Max Weber and Werner Sombart, the former – despite the extraordinary breadth of his learning and the extension of his work to a series of neighbouring areas (law, epistemology, sociology) – having entirely neglected economic theory and at times limited to a minimum his expectations of the potential results from purely theoretical research. Sombart by contrast has indeed often clearly emphasised the necessity for a theoretical grounding of historical work, but he seems to have understood theory to be really only the construction of historical types, and rejects discussion of value, price etc. as entirely superfluous.³⁶

Sombart and Weber printed a curt 'Declaration' in response to the comments of their co-editor 'on our position with respect to so-called 'theoretical' economics' in the same issue. They are quite emphatic that

We both attribute the greatest conceivable significance to so-called 'theory' in economics, by which we mean the rational construction of concepts, typologies and systems, which also of course includes those 'debates on value, price etc'. we are thought to have overlooked.

They were both opponents of *bad* theory and erroneous conceptions of its methodological meaning. The works of both Sombart and Weber quite adequately demonstrated their keen participation in theoretical debates 'in our science'. Their objective was not to dispense with any method specific to economics, but their works sought on the contrary

...to put economic research upon a firm footing. And we believe that these works have demonstrated that it is time to replace that alternative between 'historical' or 'theoretical' economics that has for too long dominated discussion with another, a deeper characterisation of the diverse 'tendencies' in our science.³⁷

Sombart was quite obviously referring here to his *Moderne Kapitalismus*, the first two volumes of a second revised edition having appeared the year before. For his part, Weber certainly was not only thinking of his methodological writings, but above all of the third edition of *Agrarverhältnisse im Altertum*, of his presentation of the

36. Edgar Jaffé, 'Das theoretische System der kapitalistischen Wirtschaftsordnung', *Archiv für Sozialwissenschaft und Sozialpolitik* Bd. 44 (1917/18), pp. 1-18.

37. Werner Sombart, Max Weber, 'Erklärung', *Archiv für Sozialwissenschaft und Sozialpolitik* Bd. 44 (1917/18), p. 348.

Chinese economic system in 'Der Konfuzianismus' (1915), and on the contributions to the *Grundriss der Sozialökonomik*.

If Weber and Sombart responded here with one voice, as they had done in the 'Geleitwort' of 1904 (that time together with Edgar Jaffé but who now, after Schmoller's death, was openly critical of them), it was not only because they were both under attack. During the previous fifteen years, in spite of all differences, in matters where their interests overlapped – such as the genesis of modern capitalism, the economy and religion – Sombart and Weber had developed a common position, both in the theory and the practice of their science, economics.³⁸ From the standpoint of method, this was primarily a question of theory and concept formation; while substantively it was a question concerning the analysis of economic systems.

Taken together, the works of Weber, Sombart and also Karl Bücher approach a single textual corpus united around a methodology and a modern conceptual instrumentarium which permits the analysis of economic systems far removed in time, space or culture. To this belongs

1. a quite central conviction that the 'progress of work in the cultural sciences' was expressed in 'a process of reconstruction of those concepts within which we seek to grasp reality'.³⁹ And then, specifically related to economy and history:
2. a critique of the naïve application of modern economic categories to phenomena of the past;
3. a critique of the equation of economic developmental stages and historical epochs;
4. a critique of modern economic theory: 'The principles that constitute economic theory proper are... not only not 'the

38. See also for a discussion of the relationship between economic history and the Historical School: Alexander Rüstow, 'Sombarts "Kapitalismus" und das Arbeitsziel der Historischen Schule', *Revue de la Faculté des Sciences Economiques de l'Université d'Istanbul* 3 (1941/42), pp. 78-92; Georg von Below, 'Zur Würdigung der historischen Schule der Nationalökonomie', *Zeitschrift für Sozialwissenschaft* VII (1904), pp. 145-85, 221-37, 304-29, 367-91, 787 sqq; von Below, 'Wirtschaftsgeschichte innerhalb der Nationalökonomie', *Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte* Bd. 5 (1907), pp. 481-524; Wolfgang Neugebauer, 'Zum schwierigen Verhältnis von Geschichts-, Staats- und Wirtschaftswissenschaften am Beispiel der Acta Borussica', in Jürgen Kocka (ed.), *Die Königlich Preussische Akademie der Wissenschaften zu Berlin im Kaiserreich* (Berlin: Akademie Verlag, 1999).

39. Weber, 'The "Objectivity" of Knowledge', p. 398. See the following passage on the formation, dissolution and reconstruction of concepts.

whole' of our science, but they are only... means for the analysis of casual connections of empirical reality. As soon as we grasp and seek to explain causally this reality, in all its cultural significant elements, economic theory stands revealed as a collection of 'ideal typical' concepts'.⁴⁰

5. The concept of economic system takes centre stage, and economics⁴¹ becomes defined as a historical social science: 'economics is organised knowledge (*Lehre*) of economic systems'. The notion of the economic system runs back to the first edition of Sombart's *Der moderne Kapitalismus*, whose 'Foreword' argues for a new connection between empirical and theoretical knowledge.
6. The causal analysis of the motivations of economic subjects together with the rationality of their behaviour becomes central: the 'final cause to which we wish to reduce the social event is nothing other than the motivation of living people'; and by this Sombart understood the 'prevailing and dominating series of motives of leading economic subjects' characteristic of the economic life of a specific epoch.⁴² Unlike Sombart, Weber was interested in the motivations of all actors, especially those non-economic motivations that might contribute to the modification of economic behaviour. But as with the younger Historical School in general, it was not the individual actor who was the centre of analysis, but economic action and the economically-oriented action⁴³ of people *qua* members

40. Max Weber, 'Die Grenznutzenlehre und das "psychophysische Grundgesetz"', in Weber, *Gesammelte Aufsätze zur Wissenschaftslehre* (Tübingen: J.C.B. Mohr [Paul Siebeck], 1988), p. 396. Weber explains that economic doctrine had a very different logical sense than legal doctrine, especially in respect of the relation of concept and reality. Just as the concepts of legal doctrine can be treated as ideal types for the objects of legal history and legal sociology, 'this usage [of concepts as ideal types] for knowledge of the social reality of past and present is the *exclusive* substance of pure economic theory'.

41. See in particular Otto Hintze's important review of Sombart, 'Der moderne Kapitalismus als historisches Individuum. Ein kritischer Bericht über Sombarts Werk', [1929] in *Gesammelte Abhandlungen Bd. II: Soziologie und Geschichte* (Göttingen: Vandenhoeck & Ruprecht, 1964), pp. 374-26.

42. Werner Sombart, *De moderne Kapitalismus* (2 vols.; Leipzig: Duncker und Humblot, 1902), p. XVIII.

43. Max Weber, *Economy and Society* (New York: Bedminster Press, 1968), Vol. I, Ch. 2; also Richard Swedberg, *Max Weber and the Idea of Economic Sociology* (Princeton, NJ: Princeton University Press, 1998); and his essay 'La sociologie économique de Max Weber: une introduction', in Bruhns, *Histoire et économie politique*, pp. 211-28.

of a collectivity, however constituted – professional groups, religious communities; sects, social strata or social groups, political associations and other corporative groups. ‘Action’ as conceived by social economics and a sociology of *Verstehen* was a ‘specific mode of relating to ‘objects’, more or less unobserved, endowed with either an ‘accustomed’ or ‘intended’ [subjective] meaning,’⁴⁴ as Weber put it.

7. Finally: the analysis of the influence of extra-economic factors on the economy and the influence of the economy on cultural phenomena.

Taking up this conception of the economic system, we can here point to the importance that Weber saw in his (economic-historical) studies of antiquity for the question of the origins of modern capitalism. In the introductory chapter of *Agrarverhältnisse im Altertum* (‘Economic Theory and Ancient Society’) Weber announced a central question for the entire text: ‘Is there in antiquity anything like *capitalist* economy significant in cultural-historical terms?’ – and this was followed by a structural analysis of the *economic systems* of antiquity.⁴⁵ In the ‘Anticritiques’ to the *Protestant Ethic*, one year following the publication of the third edition of *Agrarverhältnisse*, Weber drew a direct line between the two texts – this lay in the ‘relationships between the ‘spirit’ of capitalism and the capitalist economic system’.⁴⁶ Weber indicates that methodologically he concurred with Werner Sombart ‘in all important respects’.⁴⁷ He also noted that the concept of ‘capitalism’, and even more so the concept of the ‘spirit of capitalism’, could only be construed as ‘ideal-typical constructions in thought’. And these were either abstract, in which case the second of the two concepts became almost empty of meaning and a pure function of the first;

...or historical: such that ‘ideal typical’ constructions in thought were formed which, for a particular epoch, in *contrast* to others had *specific* features which were quite general and hence could be assumed to be given and familiar. Then it is naturally a matter of those features that were, in this particular form, *not* present in other epochs, or in respect of degree with specifically *different* characteristics. I have sought to show

44. Max Weber, ‘Über einige Kategorien der verstehende Soziologie’ [1913], in *Wissenschaftslehre*, p. 429.

45. Max Weber, ‘Agrarverhältnisse im Altertum’, *Gesammelte Aufsätze zur Sozial- und Wirtschaftsgeschichte* (Tübingen: J.C.B. Mohr [Paul Siebeck], 1924), pp. 12ff.

46. Max Weber, ‘Antikritisches zu “Geist” des Kapitalismus’, *Archiv für Sozialwissenschaft und Sozialpolitik* Bd. 30 (1910), pp. 192ff.

47. Weber, ‘Antikritisches’, pp. 198ff.

this in a certainly very incomplete way (in my article on the agrarian history of antiquity) in respect of 'capitalism' as an economic system of antiquity;⁴⁸ for that which I wished to call the 'spirit' of modern capitalism my essay should have at the *start* presented an argument that would trace the new threads woven into the Reformation period.

Following this Weber defined what he understood 'capitalism' to be:

A particular 'economic system', that is, a form of 'economic' behaviour with respect to people and to material goods [...], whose valorisation lies in 'capital' and whose conduct we analyse 'pragmatically', that is, by determining the 'unavoidable' or 'best' *means* according to the given circumstance – as already said, either: everything that is in common at all times to such economic systems, or: the specifics of a particular historical system of this kind.⁴⁹

This brings us to the second line of conflict, between historians and economists, which I will briefly deal with here in respect of the so-called Meyer-Bücher dispute.⁵⁰ We can sum the issue up as a question of the modernity or primitive state of the ancient economy; more exactly, whether antiquity could in its entirety be assigned to the stage of *oikos* economy. Eduard Meyer, an ancient historian, accused the economist Karl Bücher of doing just that in his book *Die Entstehung der Volkswirtschaft*. This dispute reverberated for a long time in ancient economic history, especially outside Germany, but I cannot deal with this in any detail. The point here solely concerns an evaluation of Weber's position with respect to the dispute and the question at issue. Weber's position is generally misunderstood by economic historians of antiquity, while the social scientific secondary literature as a rule ignores it entirely. That is a pity, since here, especially in Weber's

48. In footnote 32 Weber notes that he had earlier been inclined to characterise only isolated phenomena of the ancient economy as 'capitalistic', and hence had qualms about referring to ancient 'capitalism'. But he now thought differently about this, as was evident from his 1909 article (the revised essay in the *Handwörterbuch der Staatswissenschaften*).

49. Weber, 'Antikritisches', pp. 199f.

50. See the brief outline in Helmuth Schneider, 'Bücher-Meyer Kontroverse', *Der Neue Pauly* Bd. 13 (1999), cols. 551-56, and his contribution 'Die Bücher-Meyer Kontroverse', in William M. Calder III and Alexander Demandt (eds.), *Eduard Meyer* (Leiden: Brill, 1990); and Moses Finley (ed.), *The Bücher-Meyer Controversy* (New York: Arno Press, 1979). Informative and with great detail for all contemporary discussion, not simply in respect of Bücher and Meyer, is Shiro Takebayashi, *Die Entstehung der Kapitalismustheorie in der Gründungsphase der deutschen Soziologie. Von der historischen Nationalökonomie zur historischen Soziologie Werner Sombarts und Max Webers* (Berlin: Duncker und Humblot, 2003).

stance with respect to the theory of stages, there is a key to an understanding of his method and his conception of economic-historical and sociological basic concepts.

Not long ago in a big book Zenonas Norkus took up the question of Weber's view of economic history and discussed it in a chapter on 'Weber's Historical-Genetic Explanation for the Emergence of Rational Capitalism'. The importance of this theme cannot be overestimated. Norkus presents Weber's 'view of economic history' as a 'history of the consolidation of the division of labour, the emergence and expansion of markets or the development of "commercial economy"'. It is a developmental history that leads from the 'household economy' to the 'modern exchange economy'.⁵¹ The author bases his account above all on the lectures on economic history from 1919–20, and a series of articles from the 1890s, as well as the 3rd 1909 edition of *Agrarverhältnisse im Altertum*. Quite understandably, he then concentrates on two elements of this developmental history: the medieval industrial inland city on the one hand (strangely enough without once mentioning Weber's essay 'The City'); and the role of the Protestant ethic on the other.

The portrayal of a 'developmental history' is naturally not incorrect, nor is his reference to the importance of the various stages theories developed in the context of the historical school of economics (here including Marx); nor the observation that in many of the cited texts Weber either follows, or seems to follow, the scheme of such a developmental history. This is especially evident, but only ostensibly, in his later lectures on economic history. Conversely, however, for the text published several years previously on the Bourse that Norkus presents as his star witness. However interesting this text might be for economic history, it is peripheral to the question of Weber's conception of theories of economic stages. Weber merely presents here, for pedagogic purposes, a very general economic-historical introduction. All this discussion about developmental stages only becomes interesting where Weber explicitly leaves this economic-historical presentation behind and so to speak inserts sociological categories into the conceptual apparatus governing his investigations into economic history.

This can be briefly demonstrated with respect to Weber's relation to Karl Bücher and his stages theory. In the introductory chapter to the 1909 version of *Agrarverhältnisse im Altertum* Weber defends Bücher's

51. Norkus, *Max Weber*, pp. 374–401 (388).

system, conceiving his stages as *ideal types*, hence not in the sense of a *determinate* chronological sequence. He had already in 1904, writing in the so-called 'Objectivity essay', argued in connection 'with the naturalistic prejudice that the goal of the social sciences is the reduction of reality to 'laws':

Even *developments* can be construed as ideal types, and such constructions can be of very great heuristic value. But there is in this a very great danger that ideal type and reality will be driven together...ideal-typical *constructs* of development and *history* are two elements that require sharp demarcation...⁵²

Weber insists that the ancient *oikos* lay in fact at the end of a process of development, not at its beginning.⁵³ And he added to this a schematised version of the organisational stages of urban development which was closely bound up with agrarian history.⁵⁴ Initially the idea of chronological succession dominates here, or the parallel development of particular circumstances or types of socio-political organisation (peasant communities, the aristocratic *polis*, the bureaucratic royal city state, the Hoplites' *polis*, the burgher *polis*, liturgical monarchy, before Weber then ascribes an 'ideal-typical' character to this concepts as well and thus immediately relativises the range of application for such concepts. In the process of concrete historical development individual elements drawn from conceptually differentiated 'stages' often combined into one distinct, specifically-formed concrete whole.⁵⁵

It was in respect of these kinds of ideal-typical constructions, which are precisely not 'genetic' classifications,⁵⁶ that a few years later Weber asked Karl Bücher for an introductory contribution on developmental economic stages for the *Grundriss der Sozialökonomik*.⁵⁷ The text that Bücher finally delivered in January 1913, and which is printed in the first volume of the *Grundriss*,⁵⁸ aroused Weber's anger so much that, if

52. Weber, 'Objectivity', pp. 395-96.

53. The *oikos* economy can of course also be found at the beginning of development in classical antiquity – see Paragraph 7 of *Economy and Society*, Part II, Ch. 3, 'The Development into the *Oikos*'.

54. Weber, 'Agrarverhältnisse', pp. 34f.

55. Weber, 'Agrarverhältnisse', p. 40.

56. Weber, 'Objectivity', p. 396.

57. It is not that clear with whom the proposal originated. Weber was counting above all on a contribution from Bücher on 'Trade', which never materialised.

58. Karl Bücher, 'Volkswirtschaftliche Entwicklungsstufen', in *Grundriss der Sozialökonomik. I. Abteilung, Erstes Buch: Grundlagen der Wirtschaft. A Wirtschaft und Wirtschaftswissenschaft I* (Tübingen: J.C.B. Mohr [Paul Siebeck], 1914), pp. 1-18.

one were to believe several subsequent comments in his letters, the entirety of Weber's later sociology could be read as a substitute for Bücher's dismal performance.

I have *just* received Bücher's very meagre introductory article, 37 quarto sides long, thus not much more than 1 to 1¼ sheets! Now I will have to plug the breach. That will take 2 months at least, so my article will be ready in May.⁵⁹

I hope the major article 'Economy, Society, Law, State' will be systematically the best that I have ever written, precisely because on account of Bücher I have now had to revise it...⁶⁰

I myself have developed my contribution into a sociology, as a substitute for Bücher's poor piece...⁶¹

Since Bücher – developmental stages – is *entirely* inadequate I have worked out a finished sociological theory and presentation that places all great communal forms in relation to the economy: from the family and household up to the 'enterprise', to the clan, to the ethnic community, to religion (covering all the great world religions: a sociology of doctrines of salvation and religious ethics – what Troeltsch has done but a great deal shorter, finally a comprehensive sociological doctrine of the state and domination. I should be permitted to claim that there is *nothing* like this, nor even any 'prototype'.⁶²

There is no compelling need to weigh carefully the comments Weber made in his correspondence. But it is striking how over the course of an entire year Weber thought of Bücher's inadequate 'developmental stages' as the point of departure for his sociology of communal forms. For this reason I have cited these passages in rather greater detail and fullness than did Wolfgang Mommsen in his introduction to the *Gesamtausgabe* edition (I/22-1) devoted to 'Communities' in *Economy and Society*. In the same period Weber sought to persuade Johann Plenge to write a contribution on the problem of economic stages:

59. Letter to Paul Siebeck, 28 January 1913, *Max Weber Gesamtausgabe* (Abt. II Bd. 8; Tübingen: J.C.B. Mohr [Paul Siebeck], 2003). Winkelmann commented that 'Bücher's contribution...omitted all discussion of the theme: "The economy in its relationships to social forms and institutions"' – J. Winkelmann, *Max Webers hinterlassenes Hauptwerk: Die Wirtschaft und die gesellschaftlichen Ordnungen und Mächte. Entstehung und gedanklicher Aufbau* (Tübingen: J.C.B. Mohr [Paul Siebeck], 1986), p. 16.

60. Letter to Paul Siebeck, 8 February 1913.

61. Letter to Paul Siebeck, 3 November 1913.

62. Letter to Paul Siebeck, 30 December 1913.

*My own views on this point are at present changing greatly, and – after Bücher left me in the lurch, what he delivered was no good – I would be able at the earliest with a possible new edition of the 'Handbuch' to make some sort of contribution in my part on this problem, but I would rather see you doing so. This time my article 'Economy and Society' presents something quite different to 'economic stages'. I don't have the strength for it at the moment.*⁶³

A reader would be wrong to think that Weber really wanted to publish his own theory of stages 'in a second edition of the *Grundriss*', as Mommsen writes in his 'Introduction'.⁶⁴ For that would be entirely contrary to Weber's own approach to this question in all his previous work, and distorts our perspective upon another important connection, which I will deal with in the following section.

In retrospect it might seem puzzling that Weber, from the very beginning of his editorial planning, had entrusted Karl Bücher with a place so prominent as the first chapter in the first volume of the *Grundriss* – 'Epochs and Stages of the Economy' as the title runs in the distribution of topics for the *Handbuch der politischen Ökonomie* drafted in May 1910. What Weber expected from Bücher (or made out that he expected) can in my opinion be deduced from two circumstances. Weber had subscribed to an interpretation of Bücher's historico-economic method according to which history, that is, the observed stuff of historico-empirical reality, was here not made the servant of theory, but rather theory the servant of history. For Weber, Bücher had evaded a danger of which he had warned in his essay on objectivity, if:

...the ideal construction of a developmental sequence and conceptual classification of ideal types of particular cultural entities (e.g. commercial enterprise forms developed on the basis of 'closed domestic economy', or religious concepts developed out of 'gods of the moment') are integrated into a *genetic* classification. ... We have deliberately avoided demonstrating this with respect to what is for us by far the most important case of ideal-typical construction: that of *Marx*.⁶⁵

The second circumstance arises out of the central importance that Bücher, right up to Weber's death, had for Weber on account of the

63. Letter to Johann Plenge, 11 August 1913, see also the letter of 4 November 1913.

64. Wolfgang Mommsen, 'Einleitung', to Max Weber, *Wirtschaft und Gesellschaft. Die Wirtschaft und die gesellschaftlichen Ordnungen und Mächte* (Max Weber Gesamtausgabe I 22-1; Tübingen: J.C.B. Mohr [Paul Siebeck], 2001), p. 35.

65. Weber, 'Objectivity', pp. 396-97.

economic-historical and economic conceptual apparatus that he had developed for the analysis of craft-industry forms, and generally of medieval labour relations. Even in the later sections of *Economy and Society* Weber made explicit use of Bücher's account of the division of labour (the formation of occupations, the separation of occupations, the division of production, the recategorisation and displacement of labour) and, as a mirror-image of this, the social co-ordination of the individually-separated tasks: the increased intensity of labour, the reconnection of labour, apprentice labour, combination of occupations in one person; the course of commercial development: enterprise forms – household-based labour, wage labour, craft industry, putting-out system and the factory.⁶⁶ And it really is remarkable that Karl Bücher is the only economist to whom Weber refers in his prefatory comments to the second chapter of *Economy and Society*, 'Basic Sociological Categories of Economic Action'.

Weber's Economic-Historical Categories and (Basic) Concepts

Conceptual systematisations take various forms in Weber's writings. There are for instance the 'Introduction' to the *Wirtschaftsethik der Weltreligionen*, the 'Intermediate Reflections', and also the first chapter to his uncompleted study *The City* – 'Concept and Categories of the City'. There are at least three further places where Weber outlines a system of basic concepts related to an academic discipline or sub-discipline:

- In the form of a chapter of more than thirty pages on 'The Conceptual Foundations of Economic Science' in his *Grundriss zu den Vorlesungen über Allgemeine ('theoretische') Nationalökonomie* of 1898;
- The 'sociological categories' presented in Chs. 1 and 2 of *Economy and Society*;
- The 'Conceptual Preface' from the *Wirtschaftsgeschichte* edited by Hellmann and Palyi.⁶⁷

The chronological and thematic proximity of Weber's lectures on economic history to the first part of *Economy and Society*, resulting in an unsurprising coincidence in their conceptual systematisation, led Frank Knight to exclude the last of these from his translation of the

66. Peter Spahn, 'Max Weber et la typologie des modes d'activité industrielle de Karl Bücher', in Bruhns, Andreau (eds.), *Sociologie économique*, pp. 115-32.

67. See the preceding article for a translation of this.

Wirtschaftsgeschichte since he believed that the editors had simply constructed it from the relevant passages of *Economy and Society*. Implicit in this was certainly a conscious or unconscious belief that economic history had no great need of systemic conceptual definitions.⁶⁸

In closing, I would like to take up one aspect of these basic concepts which has a direct connection with Weber's irritation over Bücher's contribution to the *Grundriss der Sozialökonomik*. This concerns the concept of 'corporate group' (*Verband*), which Weber had dealt with in Section VII ('Institution' and 'Group') of the 1913 essay on categories, as well as in the chapter 'Communities' in the earlier part of *Economy and Society*. In *Economy and Society's* second chapter on the sociological categories of economic action Weber deals with the *economically-oriented group*. He distinguishes between

- a) economically-active group;
- b) economic group;
- c) group concerned with economic regulation;
- d) regulatory group (*Ordnungsverband*)

In the *Wirtschaftsgeschichte* Weber starts with the economic unit, which he calls an economic group.⁶⁹ This is *primarily* economically oriented. In contrast to this there are all those groups that do intervene in economic life, but are not themselves economic groups. Here he distinguishes between *economically-active groups* (lit. 'economising groups') which primarily follow other than economic aims, from groups which restrict themselves to the 'setting of formal norms' for the economic action of others (*regulatory group*) or 'materially regulate' such action (*group concerned with economic regulation*). The last of these is subdivided into *administrative group* (planned economy, war economy) and *regulatory group* (eg. guilds).

In 'The Sociological Categories of Economic Life' Weber resumes in a preliminary manner his critique of theories of economic stages, noting that

68. Frank Knight could have read what Max Weber would have said about this in *Agrarverhältnisse im Altertum*, where Weber stated that '...advances in the knowledge of historians...have resulted from the fact that they (fortunately) began by reading the works of despised economic "theoreticians", and in this way acquired *clear concepts*' – *Agrarverhältnisse*, p. 279.

69. The variations in definition of 'Wirtschaftsverband' in the lectures and Ch. 2 of *Economy and Society* could of course be a consequence of the way in which the former is based on student notes. We should not therefore be too pedantic in seeking to explain any such differences.

There is nothing to be said for the moment in what follows about the problem of economic 'developmental stages', or rather, only in passing and insofar as is absolutely unavoidable given the nature of the material. Just this can be said at this point:

Quite correctly the distinction between forms of *economy* and forms of economic *policy* is now drawn more exactly. The stages which Schönberg introduced and which, since modified and associated with Schmoller: domestic economy, village economy – added to which there is a further 'stage' of the landed and patrimonial ruler's household economy – town economy, territorial economy, national economy – all these were in *his* terminology defined by the form of the *group* concerned with economic regulation. But this does not mean that the form of economic *regulation* on the part of groups of different scope itself differed.

Then Weber introduces some examples: the policy of the German territorial state consisted to a great extent in the adoption of regulations used in town economies, and its own new measures were not specifically distinct from the 'mercantilistic' policy of specific patrimonial (and already relatively rational) *state* groups.⁷⁰

Weber disputes the accepted correspondence of economic stages (*oikos*, city and state) with type of regulation and added:

Moreover this does not mean that the inner structure of the economy – the manner in which work (*Leistung*) was specified, differentiated and combined, the way in which such work was distributed to independent economies and the mode of appropriation with respect to work utilisation, means of production and opportunities for gain – corresponded exactly to the extent of the corporate group which was itself a (possible!) point of support for an economic *policy*, moreover, that when the scope of this policy changed then it too changed in a related way. Any comparison of the Occident with Asia, and the modern with the ancient Occident, would show up the erroneousness of this assumption. Nonetheless, from the *economic* perspective we can never neglect the existence, or non-existence, of corporate groups with *material* powers of economic regulation – certainly not only those *political* corporate groups – and the principal import of their regulatory activity. The form in which gainful transactions are made is very strongly determined by this.

The purpose of this discussion is here above all: the determination of the optimal pre-conditions of *formal* rationality of the economy and their relations to *material* 'demands', whatever their form.⁷¹

Weber here deals with the problem of economic stages (a 'problem' with respect to the importance of this question for the Historical

70. Weber, *Wirtschaft und Gesellschaft*, p. 64.

71. Weber, *Wirtschaft und Gesellschaft*, p. 64.

School of Economics) by placing the question concerning *the mode of regulation of the economy* in the foreground and merges it together with the question concerning corporate groups. But this takes us back to 1913, when Weber was not only writing on 'Gemeinschaften' but also the essay on 'The City' first published in 1921, after his death. In the first of these pieces, particularly in the chapter 'Economic Relations of Communities in General' Weber shifts between the concepts of corporate group (*Verband*) and community (*Gemeinschaft*), before settling on the latter.⁷² However, in 'The City' the usage is reversed – here the *Verband* is omnipresent. The passages just quoted from 'Basic Sociological Categories of Economic Action' can to a degree be read as a rather abstract summary of one, if not the central theme, exposed in 'The City'. For this is largely a study of the urban economic *Politik*⁷³ of different urban corporate groups each in their respectively structured contexts.⁷⁴

The close connection of this text with *Agrarverhältnisse* has always been acknowledged; but the economic-historical and economic dimensions of both essays has on the other hand hitherto been relatively neglected. But if one reads them in the context of Weber's debate with the Historical School and the Austrians the following argumentative context stands out.

1. In the third (1909) edition of the *Agrarverhältnisse* Weber investigates the agrarian history of antiquity from the perspective of *urban* (socio-political) organisation, and also with respect to the economic system of the city. The outcome is firstly: the development of ancient economy and of ancient capitalism tend not to converge upon, but rather diverge from, the structural features of modern capitalism.⁷⁵ In this way Weber refutes the methodological fallacy implicit in a stage theory constructed in the form of a genetic classification. Secondly:

72. See Wolfgang Mommsen's remarks on this in his introduction to MWG1/22-1, pp. 38ff.; although this does not take account of the terminology used in the essay on the city.

73. Discussion here turns on *Stadtwirtschaftspolitik*, which is strictly neither urban economic policy, nor urban 'economic politics', but rather the deliberate conduct of urban economic affairs for specific (economic or non-economic) ends.

74. Hinnerk Bruhns, 'Webers "Stadt" und die Stadtsoziologie', in Bruhns, Nippel, *Max Weber und die Stadt*, pp. 39-62; Bruhns, 'La ville bourgeoise et l'émergence du capitalisme moderne: Max Weber, Die Stadt (1913/14-1921)', in Bernard Lepetit and Christian Topalov (eds.), *La ville des sciences sociales* (Paris), pp. 47-78, 315-19, 344-50.

75. Weber, *Agrarverhältnisse*, p. 270.

the precise epoch of antiquity where capitalism attains its highest degree of development coincides with the most radical divergence between the rationality of urban economic *Politik* in antiquity and in the middle ages. The latter is the point of departure for the development of modern capitalism. According to Weber, the situation is reversed in the Hellenistic era and in the Roman Empire: at this point in antiquity the development of industry and the economic rationality of urban economic *Politik* (insofar as one can talk of this) correspond to those of the medieval city, but coincide with the *decline* of ancient capitalism, whereas

The development of the medieval city was [for modern capitalism and the modern state] certainly not the sole crucial preliminary stage, and most certainly not its foundation, but it was a critical factor in its development and cannot be disregarded.⁷⁶

2. This is in turn the decisive foundation for the construction of ideal types of the 'city' (Medieval/Ancient; Southern European/Northern Continental European Inland city; occidental/oriental city) as conceptual instruments for the analysis of the developmental history of modern capitalism, in comparison not only with capitalism in antiquity, but with the Chinese economic system.⁷⁷
3. Weber analysed the conduct of urban economies in antiquity and in the Middle Ages in terms of the corporate group (*Verband*). The medieval city therefore assumes the form of
4. a corporate group regulating economic activity, while the ancient city is conceived in terms of an economically-active corporate group. The conceptual systematisation outlined above is used explicitly in the chapter 'Concept and categories of the City';⁷⁸ quite plainly it was developed in the course of

76. Max Weber, *Wirtschaft und Gesellschaft*, MWG I Bd. 22-5: Die Stadt (ed. W. Nippel; Tübingen: J.C.B. Mohr [Paul Siebeck], 1999), p. 233.

77. See Weber in the *Agrarverhältnisse*, p. 263: the problem concerning the origin of the specific nature of late medieval and early modern economic organisation (and of modern capitalism) lies according to Weber in two questions: (1) the development of the market—how in the medieval period did the *consumers* develop for the subsequent capitalistically-organised industry?; (2) the trend in the ordering of production—how did the capitalistic drive for valorisation come to create *that particular* form of 'free' labour that was unknown in Antiquity? (See p. 15, where Weber excludes this question from the pure economic definition of capitalism).

78. Max Weber, *Wirtschaft und Gesellschaft*, MWG I Bd. 22-5, p. 70, cf. p. 98.

substantive investigations so that order could be introduced into the 'unconnected variety of *Fakta*';⁷⁹ it would have been extraordinary if it had happened the other way around.⁸⁰

5. It is certainly no coincidence that Weber's analysis of urban economies in terms of the action of corporate groups culminates in an ideal-typical contrast between 'homo politicus' (the ancient city = associations of citizens and warriors whose economic action is primarily politically and militarily oriented) and 'homo oeconomicus' (medieval city – primarily economically-oriented). This takes up a central category of contemporary economic theory but derives and defines it in a completely novel manner: 'The political situation of the medieval urban citizen set him on the path to becoming *homo oeconomicus*...'.⁸¹ It was not human nature that created *homo oeconomicus*, but particular structural conditions – political, military, geographical, and so forth – of the given corporate group to which the economically-active person belonged. Conditions which in the case of the medieval urban citizen directed him towards '*rational economic means*'.⁸² In direct contrast to the medieval urban citizen, as well as to that strata of freed men who in the politically-oriented capitalism of Rome were 'on the way to relatively modern form of bourgeois acquisitive activity',⁸³ the 'typical *demos* of the full citizen of the Greek city, monopolising politically-determined *rental incomes* – state rents, payments by the day, mortgages, ground rents⁸⁴ – found it 'impossible to be primarily oriented towards peaceful *economic* acquisitive activity and *rational* conduct of economic enterprise'.⁸⁵

Weber constantly emphasised the importance of concept formation and system in economic history (and for the cultural sciences in general), but he just as clearly made plain that a concern for concepts and

79. Max Weber, *Weber, Agrarverhältnisse*, p. 280.

80. See Weber in the essay on objectivity, where he states that '...in the sciences of human culture the construction of concepts depends on the posing of problems...', in Whimster, *Essential Weber*, p. 399.

81. Max Weber, *Wirtschaft und Gesellschaft*, MWG I Bd. 22-5, p. 275.

82. Max Weber, *Wirtschaft und Gesellschaft*, MWG I Bd. 22-5, p. 289.

83. Max Weber, *Wirtschaft und Gesellschaft*, MWG I Bd. 22-5, p. 282.

84. Max Weber, *Wirtschaft und Gesellschaft*, MWG I Bd. 22-5, p. 283.

85. Max Weber, *Wirtschaft und Gesellschaft*, MWG I Bd. 22-5, p. 288.

categories was not the end purpose of science. The chapter 'Basic Sociological Categories of Economic Action' in *Economy and Society* presents clarification for the purpose of sociological and economic analysis; he consciously disregarded real 'explanation' (on the basis of *theoretical* considerations concerning the *substantive* economic conditionality of economic structure) and limited himself

... (temporarily) to sociological *typification*. This must be strongly emphasised. For it is only *economic* circumstances which deliver the flesh and blood for a genuine explanation of the course even of sociologically-relevant development. And so we begin here with the barest structure, sufficient to permit us to work with reasonably unambiguous concepts.

It is quite obvious that here, in such a schematised system, not only the empirical-historical sequence, but also the typical *genetic* sequence of individual possible forms are insufficiently exposed.⁸⁶

Those writings of Weber to which I referred at the beginning of this essay and which represent the culmination of his economic-historical problematic are primarily devoted to the analysis of just such typical-*genetic* sequences. In this respect Weber's lectures on economic history present not a developmental history, but for the most part the analysis of process⁸⁷ to the extent permitted by the genre of introductory lectures, and to the extent that the uncertainties concerning the exact composition of the text that we have allow. But what does remain is that this kind of economic-historical analysis – a focus of process and conceptual construction – does not first appear in the 'late', 'sociological' Weber. Exemplary in this respect is the 1896 essay 'The Social Causes of the Decline of Ancient Culture', which has to be read against the background of the *Methodenstreit* and the debate on developmental stages.⁸⁸ The problematic of 'developmental stages' remains present in Weber's work up to the end. He announced in 1909 how he would himself deal with this problem:

A genuinely critical *comparison* of the developmental stages of the ancient Polis and the medieval city [...] would be as commendable as it would be fruitful – but of course only if it did *not* take as its aim, after the fashion of today's modish constructions of general schemes of development, the pursuit of 'analogies' and 'parallels', but rather the reverse: only if its purpose were the working out of the *individual char-*

86. Max Weber, *Wirtschaft und Gesellschaft*, p. 63.

87. See Lallement, 'Max Weber', p. 61.

88. See Bruhns, 'A propos de l'histoire ancienne et de l'économie politique chez Max Weber', in Max Weber, *Economie et société dans l'Antiquité. Précédé de: Les causes sociales du decline de la civilisation antique* (Paris: Édition La Découverte, 1998), pp. 9-59.

acter of each of these, ultimately quite various courses of development, and hence the tracing of a causal *imputation* for each particular course of events.⁸⁹

This is what Weber applied himself to in the years up to 1914, in 'The City'. Part of the theoretical product of this study then flowed into the 'Basic Sociological Categories of Economic Action', and there lent conceptual systematisation.

From the perspective of the question regarding the importance of economic history this second chapter of *Economy and Society* is especially interesting. Of course, Weber claims at the outset that no 'economic theory' is to be involved (and as so often economic theory is in quotation marks), and that he is solely concerned with conceptual definitions and the establishment of certain very elementary sociological relationships within the economy. And he adds: 'Any kind of 'dynamic' is for the time being excluded',⁹⁰ returning to the same thought in the last sentence of the chapter: 'The connections of an economic dynamic with the social order will be discussed later with respect to every concrete case'.⁹¹ Nonetheless, historical dynamics and historical development are in no respect absent from the many-sided casuistry of sociological, that is theoretical, relationships within the economy that Weber here presents. As elsewhere, his casuistry always works with cases drawn from the present, as well as from the most remote epochs and most distant cultural contexts. The analysis of sociological relationships in the economy (for example, the relation between economy and corporate groups whose orientation is primarily non-economic where such groups seek provision of utilities required for group activities,⁹² or the repercussions for the organisation of private economic activity of the way in which political and hierocratic corporate groups meet their needs)⁹³ is conducted with respect to the way in which they further, or limit, capitalism, whether this be market-oriented or politically-oriented. As Weber emphasises:

89. Max Weber, *Weber, Agrarverhältnisse*, p. 288.

90. Max Weber, *Wirtschaft und Gesellschaft*, p. 31.

91. The exclusion of a 'dynamics' originating in economic theory is an important methodological principle for Weber. In the contents for the *Handbuch der politischen Ökonomie* drafted in 1910 he made clear that in respect of the chapter on economic theory that he wished von Wieser to write that: 'The presentation should lead into empirical reality through a steadily diminishing degree of abstraction. Excluded: "dynamic" problems'. Max Weber, *Briefe 1909 bis 1910* (MWG II/6, ed. M. Rainer Lepsius and Wolfgang Mommsen; Tübingen: J.C.B. Mohr [Paul Siebeck], 1994), p. 767.

92. Max Weber, *Wirtschaft und Gesellschaft*, p. 114.

93. Max Weber, *Wirtschaft und Gesellschaft*, p. 117.

Before we come back to the developmental stages and the developmental conditions of the economy, we must first undertake a purely sociological discussion of those components lying *outside* economy and economic activity.⁹⁴

Closing Remarks

Max Weber divided his 'Basic Sociological Categories of Economic Action' into forty-four paragraphs.⁹⁵ Weber prefaces this chapter with the comment that he is not here concerned with economic theory, but only with the definition 'of a few commonly-used concepts' and the establishment of certain very elementary sociological relationships with the economy.⁹⁶ Weber had already characterised in his essay on 'Objectivity' such *classificatory* concepts as a 'conceptual shorthand' made necessary by the discursive nature of our knowledge⁹⁷ but which was unavoidable for the unambiguous *representation* of reality within cultural analysis.

'Specialisation and casuistry' of types and categories is quite obviously sustained for the greater part by the empirical, by the history of the economy. Historical analysis and presentation can however dispense with the profusion of such 'specialisation and casuistry', unlike for instance a 'rigorously economic theory of urban forms', as Weber remarked in respect of the economic concept and economic categories of the city.⁹⁸ The real subject-matter – the dynamic of reciprocally-related developments of economy and social (political, religious and so forth) orders – is 'for the time being'⁹⁹ excluded from this categorical casuistry. Not, however, as consistently as Winckelmann suggests.¹⁰⁰ For the categories derived from historical experience are even in their formal definition materially related by Weber to this dynamic: for instance, with respect to the manner in which *political* corporate groups meet their needs and the impact of this upon the organisation of private economic activity (§39); in respect of the relation between

94. Max Weber, *Wirtschaft und Gesellschaft*, p. 118.

95. See Winckelmann's useful one-page summary – *Max Webers hinterlassenes Hauptwerk*, p. 126. The 'Basic Concepts' and 'Types of Functional Economic Organisation' in the *General Economic History* follow the same schema in an abbreviated form.

96. Max Weber, *Wirtschaft und Gesellschaft*, p. 31.

97. Max Weber, 'Objectivity' in Whimster, *Essential Weber*, p. 390.

98. Max Weber, *Wirtschaft und Gesellschaft*, MWG I Bd. 22-5, p. 67.

99. Max Weber, *Wirtschaft und Gesellschaft*, p. 31.

100. Winckelmann, *Max Webers hinterlassenes Hauptwerk*, p. 138.

economy and the *formation of corporate groups* (the economic interest in the continuing existence of the group) (§40); and above all in respect of economic activity itself, that commercial economic activity (*Verkehrswirtschaft*) was always a matter 'of the initiation and implementation of activity intended to meet an economically-active *individual's own* ideal or material interests', even when such individual economic activity (*Wirtschaften von den einzelnen Wirtschaftenden*) was oriented to *Ordnungen* of corporate groups, be they economically-active, economic, or concerned with regulation of economic activity (§41).

