

Weber's Protestant-Ethic Thesis, the Critics, and Adam Smith

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Abstract

The aim of this paper is to test Max Weber's Protestant-ethic thesis. The thesis is described in a systematic way, followed by a detailed discussion of the critiques of Gordon Marshall and Malcolm MacKinnon. Their critique challenges Weber's thesis in relevant parts, but although I largely agree with their arguments, they do not lead to a clear verification or falsification. I shall furthermore present a new test of the Protestant-ethic thesis by investigating whether or not the founder of modern economics, with its spirit of modern capitalism, had a connection to Neo-Calvinism—as we should expect, if Weber was right. The result of my test is that Adam Smith was a Neo-Calvinist and that I have therefore failed to falsify the Protestant-ethic thesis.

Keywords: Adam Smith, Max Weber, Protestant ethic, spirit of modern capitalism,.

Max Weber's thesis that a Neo-Calvinist¹ ethic was a necessary (but not sufficient) cause for the development of modern capitalism has provoked in the last hundred years one of the most furious debates in the social sciences. Advocates and critics of the Protestant-ethic thesis attack each other without really evaluating the counter-arguments to their positions. This lack of self-critique is probably one of the biggest problems in this debate, which also explains why it has been impossible in the last *hundred years* to find common ground. Another problem is that the participants in this debate mostly repeat old arguments in a new form. There is no progress in the debate, because the majority of the participants make no effort to find new ways to test the Protestant-ethic thesis. This is, of course, unnecessary in the eyes of the critics, since they believe that

1. Instead of Weber's term 'ascetic protestantism', which includes Calvinism and the secondary groups Puritanism, Pietism, and Methodism, as well as Baptism, Mennonites, and Quakers (Schluchter 2005: 66), I use the term 'Neo-Calvinism' when I want to exclude Calvin's teachings from this cluster.

this thesis is already falsified. I will show that this is not the case. All attempts to refute Weber's thesis have failed, although some of these studies cast reasonable doubt on its correctness. The main problem with all previous discussions of the Protestant-ethic thesis is that *it is not clear* what the *relevant facts* are. The *selection* of 'typical' theological writings or case studies of 'typical' businesspeople can consequently lead to *completely different evaluations* of the accuracy of Weber's thesis. After a brief summary of the Protestant-ethic thesis, I will discuss what are – in my opinion – the most important critiques of Gordon Marshall and Malcolm MacKinnon. Finally, I will present a new test of Weber's thesis based on an analysis of the background values in modern economic theories, which has a decisive advantage over all previous tests, because *it is clear* what the *relevant literature* is in this case. Nearly all economists agree that Adam Smith is the founder of modern economics. Therefore Max Weber's thesis should be regarded as falsified if Smith's theory lacks the elements which for Weber are constitutive of the spirit of modern capitalism. My result is not a falsification but rather strong supportive evidence in favour of his thesis. The point is that Adam Smith presented a Neo-Calvinist ethic in his *Theory of Moral Sentiments* before he created the spirit of modern capitalism in his *Wealth of Nations*. This, however, does not imply that Max Weber's Protestant-ethic thesis is correct. It only means that once more his thesis has survived a test – although a more decisive test – against the facts.

1. Max Weber's Protestant-ethic thesis

Max Weber's starting point for the analysis of the relationship of religious motivations and economic development was a study of the situation of East Elbian rural labourers (Weber 1979; cf. Riesebrodt 2005: 30ff.; Mommsen 2005: 187f.). Here he encountered the phenomenon that different economic orientations coexisted in the changing German economy. Based on this study, Max Weber distinguished the following three different types of economic orientations (see Table 1). The *first economic orientation* can be characterized by the aim of maintaining a traditional standard of living (Weber 1927: 138). It is associated with Medieval guilds. By regulating work and by monopolizing against outsiders, the guilds could eliminate competition as well as capital accumulation and therefore guaranteed the equality of the guild members (Weber 1927:

136, 138ff.; cf. 1968: 638). The *second economic orientation* is also typical for traditional societies despite its capitalistic nature. This orientation is characterized by the 'impulse to acquisition, pursuit of gain, of money, of the greatest possible amount of money', which is not peculiar for modern times, but which 'has existed...at all times and in all countries of the earth, wherever the objective possibility of it is or has been given' (Weber 1958a: 17, cf. 19f.; Schelting 1934: 290; Marshall 1982: 43; Poggi 1983: 23). Weber called these actors capitalistic adventurers, who seek high profits by taking big risks. Capitalistic adventurers lack an ethical standard and pursue any activity that seems profitable—for example, speculation, State loans, financing of wars, and acquisition of booty (Weber 1958a: 20; 1958b: 58; cf. Oakes 1988: 84). The aim was a 'maximum of comfort' combined with a 'minimum of exertion' (Marshall 1982: 52). These two traditional economic orientations both seek a comfortable life based on consumption and leisure time (cf. Marshall 1980: 15). On the other hand, the difference between these economic 'spirits' is the attitude towards risk. Risk-averse actors preferred the security of the guilds, whereas risk-seeking gamblers chose non-restricted foreign trade and other unregulated activities. However, it is clear that these two orientations simply represent different sides of the same pleasure-seeking attitude.

Weber's *third economic orientation* is, on the other hand, completely unrelated to the types previously discussed. It is the 'spirit of modern capitalism', characterized by the aim of infinite profit-maximization in combination with mass production (Weber 1927: 334; 1958a: 17; 1958b: 65-68; Lessnoff 1994: 2f.); a strict ethical code that supports 'the idea of the honest person of recognized credit who, by means of rational capitalistic enterprise, increases his or her capital as a duty' (Marshall 1982: 44; cf. Weber 1958b: 53f., 56f.; 1968: 636f.; Lessnoff 1994: 2) and minimizes risk (Oakes 1988: 84); and a restriction of consumption in favour of investment or further capital accumulation (Weber 1927: 356; 1948b: 309; 1958a: 17; 1958b: 53, 71f.; 1968: 99, 164-66, 479f., 611-15, 629f., 1118; 2001a: 36; 2001c: 68-70, 76; 2001d: 103; Marshall 1980: 19; 1982: 53; Sedgwick 1999: 154). This economic spirit cannot be deduced out of the traditional economic orientations, because it neglects the basic traditional motive for economic activity: consumption. From a traditional point of view such behaviour is completely *irrational*²

2. I speak here of 'modern capitalism' and not of 'modern rational capitalism'