

The Protestant Ethic and the Spirit of Capitalism

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1905

1. [I]f we try to determine ... at least in the beginning only provisional description of what is here meant by the spirit of capitalism ... For this purpose we turn to a document of that spirit which contains what we are looking for in almost classical purity, and at the same time has the advantage of being free from all direct relationship to religion, being thus, for our purposes free of preconceptions.

[Quoting Benjamin Franklin:]

2. "Remember, that time is money. He that can earn 'ten shillings a day by his labour, and goes abroad, or sits idle, one half of that day, though he spends but sixpence during his diversion or idleness, ought not to reckon that the only expense; he has really spent, or rather thrown away, five shillings besides.

3. "Remember, that credit is money. If a man lets his money lie in my hands after it is due, he gives me the interest, or so much as I can make of it during that time. This amounts to a considerable sum where a man has good and large credit, and makes good use of it."

4. "Remember, that money is of the prolific, generating nature. Money can beget money, and its offspring can beget more, and so on. Five shillings turned is six, turned again it is seven and threepence, and so on, till it becomes a hundred pounds. The more there is of it, the more it produces every turning, so that the profits rise quicker and quicker. He that kills a breeding-sow, destroys all her offspring to the thousandth generation. He that murders a crown, destroys all that it might have produced, even scores of pounds."

5. "Remember this saying. *The good paymaster is a lord of another man's purse.* He that is known to pay punctually and exactly to the time he promises, may at any time, and on any occasion, raise all the money his friends can spare. This is sometimes of great use. After industry and frugality, nothing contributes more to the raising of a young man in the world than punctuality and justice in all his dealings; therefore never keep borrowed money an hour beyond the time you promised, lest a disappointment shut up your friend's purse for ever."

6. "The most trifling actions that affect a man's credit are to be regarded. The sound of your hammer at five in the morning, or eight at night, heard by a creditor, makes him easy six months longer; but if he sees you at a billiard-table, or hears your voice at a tavern, when you should be at work, he sends for his money the next day; demands it, before he can receive it, in a lump."

7. "It shows, besides, that you are mindful of what you owe; it makes you appear a careful as well as an honest man, and that still increases your credit."

8. "Beware of thinking all you own that you possess, and of living accordingly. It is a mistake that many people who have credit fall into. To prevent this, keep an exact account for some time both of your expenses and your income. If you take the pains at first to mention particulars, it will have this good effect: you will discover how wonderfully small, trifling expenses mount up to large sums, and will discern what might have been, and may for the future be saved, without occasioning any great inconvenience."

9. "For six pounds a year you may have the use of one hundred pounds, provided you are a man of known prudence and honesty." "He that spends a groat a day idly, spends idly above six pounds a year, which is the price for the use of one hundred pounds." "He that wastes idly a groat's worth of his time per day, one day with another, wastes the privilege of using one hundred pounds each day." "He that idly loses five shillings' worth of time, loses five shillings, and might as prudently throw five shillings into the sea." "He that loses five shillings, not only loses that sum, but all the advantage that might be made by turning it in dealing, which by the time that a young man becomes old, will amount to a considerable sum of money."

10. It is Benjamin Franklin who preaches to us in these sentences, the same which Ferdinand Kürnberger so satirizes in his clever and malicious *Picture of American Culture* as the supposed confession of faith of the Yankee. That it is the spirit of capitalism which here speaks in characteristic fashion, no one will doubt, however little we may wish to claim that everything which could be understood as pertaining to that spirit is contained in it. Let us pause a moment to consider this passage, the philosophy of which Kürnberger sums up in the words, "They make tallow out of cattle and money out of men".

11. The peculiarity of this philosophy of avarice appears to be the ideal of the honest man of recognized credit, and above all the idea of a duty of the individual toward the increase of his capital, which is assumed as an end in itself. Truly what is here preached is not simply a means of making one's way in the world, but a peculiar ethic. The infraction of its rules is treated not as foolishness but as forgetfulness of duty. That is the essence of the matter. It is not mere business astuteness, that sort of thing is common enough, it is an ethos. This is the quality which interests us.

12. When Jacob Fugger, in speaking to a business associate who had retired and who wanted to persuade him to do the same, since he had made enough money and should let others have a chance, rejected that as pusillanimity and answered that "he (Fugger) thought otherwise, he wanted to make money as long as he could", the spirit of his statement is evidently quite different from that of Franklin. What in the former case was an expression of commercial daring and a personal inclination morally neutral, in the latter takes on the character of an ethically coloured maxim for the conduct of life. The concept of the spirit of capitalism is here used in this specific sense, it is the spirit of modern capitalism. For that we are here dealing only with Western European and American capitalism is obvious from the way in which the problem was stated. Capitalism

existed in China, India, Babylon, in the classic world, and in the Middle Ages. But in all these cases, as we shall see, this particular ethos was lacking.

13. Now, all Franklin's moral attitudes are coloured with utilitarianism. Honesty is useful, because it assures credit; so are punctuality, industry, frugality, and that is the reason they are virtues. A logical deduction from this would be that where, for instance, the appearance of honesty serves the same purpose, that would suffice, and an unnecessary surplus of this virtue would evidently appear to Franklin's eyes as unproductive waste. ...

14. According to Franklin, those virtues, like all others, are only in so far virtues as they are actually useful to the individual, and the surrogate of mere appearance is always sufficient when it accomplishes the end in view. It is, a conclusion which is inevitable for the strict utilitarianism. The impression of many Germans that the virtues professed by Americanism are pure hypocrisy seems to have been confirmed by this striking case. But in fact the matter is not by any means so simple. Benjamin Franklin's own character, as it appears in the really unusual candidness of his autobiography, belies that suspicion. The circumstance that he ascribes his recognition of the utility of virtue to a divine revelation which was intended to lead him in the path of righteousness, shows that something more than mere garnishing for purely egocentric motives is involved.

15. In fact, the *summum bonum* of this ethic, the earning of more and more money, combined with the strict avoidance of all spontaneous enjoyment of life, is above all completely devoid of any eudemonistic, not to say hedonistic, admixture. It is thought of so purely as an end in itself, that from the point of view of the happiness of, or utility to, the single individual, it appears entirely transcendental and absolutely irrational. Man is dominated by the making of money by acquisition as the ultimate purpose of his life. Economic acquisition is no longer subordinated to man as the means for the satisfaction of his material needs. This reversal of what we should call the natural relationship, so irrational from a naive point of view, is evidently as definitely a leading principle of capitalism as it is foreign to all peoples not under capitalistic influence.

16. At the same time it expresses a type of feeling which is closely connected with certain religious ideas. If we thus ask, *why* should "money be made out of men", Benjamin Franklin himself, although he was a colourless deist, answers in his autobiography with a quotation from the Bible, which his strict Calvinistic father drummed into him again and again in his youth: "Seest thou a man diligent in his business. He shall stand before kings" (Prov. xxii. 29). The earning of money within the modern economic order is, so long, as it is done legally, the result and the expression of virtue and proficiencies a calling and this virtue and proficiency are, as it is now not difficult to see, the real Alpha and Omega of Franklin's ethic, as expressed in the passages we have quoted, as well as in all his works without exception.

17. And in truth this peculiar idea, so familiar to us today, but in reality so little a matter of course, of one's duty in a calling, is what is most characteristic of the social ethic of capitalistic culture and is in a sense the fundamental basis of it. It is an obligation which the individual is supposed to feel and does feel towards the content of his professional activity, no matter in what it consists, in particular no matter whether it appears on the surface as a utilization of his personal powers, or only of his material possessions (as capital) ...

18. ... the capitalism of today, which has come to dominate economic life, educates and selects the economic subjects which it needs through a process of economic survival of the fittest. But here one can easily see the limits of the concept of selection as a means of historical explanation. In order that a manner of life so well adapted to the peculiarities of capitalism could be selected at all, i.e. should come to dominate others, it had to originate somewhere, and not in isolated individuals alone, but as a way of life common to whole groups of men. This origin is what really needs explanation. Concerning the doctrine of the more naive historical materialism, that such ideas originate as a reflection or superstructure of economic situations, we shall speak more in detail below.

19. At this point it will suffice for our purpose to call attention to the fact that without doubt, in the country of Benjamin Franklin's birth (Massachusetts), the spirit of capitalism (in the sense we have attached to it) was present before the capitalistic order. There were complaints of a peculiarly calculating sort of profit-seeking in New England, as distinguished from other parts of America, as early as 1632. It is further undoubted that capitalism remained far less developed in some of the neighbouring colonies, the later Southern States of the United States of America, in spite of the fact that these latter were founded by large capitalists for business motives, while the New England colonies were founded by preachers and seminary graduates with the help of small bourgeois, craftsmen and yeomen, for religious reasons. In this case the causal relation is certainly the reverse of that suggested by the materialistic standpoint.

20. But the origin and history of such ideas is more complex than the theorists of the superstructure suppose. The spirit of capitalism, in the sense in which we are using the term, had to fight its way to supremacy against a whole world of hostile forces. A state of mind such as that expressed in the passages we have quoted from Franklin, and which called forth the applause of a whole people, would both in ancient times and in the Middle Ages have been proscribed as the lowest sort of avarice and as an attitude entirely lacking in self-respect. It is, in fact, still regularly thus looked upon by all those social groups which are least involved in or adapted to modern capitalistic conditions.

21. This is not wholly because the instinct of acquisition was in those times unknown or undeveloped, as has often been said. Nor because the *auri sacra fames*, the greed for gold, was then, or now, less powerful outside of bourgeois capitalism than within its peculiar sphere, as the illusions of modern romanticists are wont to believe. The difference between the capitalistic and pre-capitalistic spirits is not to be found at this point. The greed of the Chinese Mandarin, the old Roman aristocrat, or the modern peasant, can stand up to any comparison. And the *auri sacra fames* of a Neapolitan cab-driver or *barcaiolo*, and certainly of Asiatic representatives of similar trades, as well as of the craftsmen of southern European or Asiatic countries, is, as anyone can find out for himself, very much more intense, and especially more unscrupulous than that of an Englishman in similar circumstances.

22. The universal reign of absolute unscrupulousness in the pursuit of selfish interests by the making of money, has been a specific characteristic of precisely those countries whose bourgeois-capitalistic development, measured according to Occidental standards, has remained backward. As every employer knows, the lack of *coscienziosita* [conscientiousness] of the labourers of such countries, for instance Italy as compared with Germany, has been, and to a certain extent still is, one of the principal obstacles to their capitalistic development. Capitalism cannot make

use of the labour of those who practice the doctrine of undisciplined *liberum arbitrium*, any more than it can make use of the business man who seems absolutely unscrupulous in his dealings with others, as we can learn from Franklin.

23. Hence the difference does not lie in the degree of development of any impulse to make money. The *aura sacra famas* is as old as the history of man. ... At all periods of history, wherever it was possible, there has been ruthless acquisition, bound to no ethical norms whatever. Like war and piracy, trade has often been unrestrained in its relations with foreigners and those outside the group. The double ethic has permitted here what was forbidden in dealings among brothers.

24. Capitalistic acquisition as an adventure has been at home in all types of economic society which have known trade with the use of money and which have offered it opportunities, through *commenda* farming of taxes, State loans, financing of wars, ducal courts and office-holders. Likewise the inner attitude of the adventurer, which laughs at all ethical limitations, has been universal. Absolute and conscious ruthlessness in acquisition has often stood in the closest connection with the strictest conformity to tradition. Moreover, with the breakdown of tradition and the more or less complete extension of free economic enterprise, even to within the social group, the new thing has not generally been ethically justified and encouraged, but only tolerated as a fact. And this fact has been treated either as ethically indifferent or as reprehensible, but unfortunately unavoidable.

25. This has not only been the normal attitude of all ethical teachings, but, what is more important, also that expressed in the practical action of the average man of pre-capitalistic times, pre-capitalistic in the sense that the rational utilization of capital in a permanent enterprise and the rational capitalistic organization of labour had not yet become dominant forces in the determination of economic activity. Now just this attitude was one of the strongest inner obstacles which the adaptation of men to the conditions of an ordered bourgeois-capitalistic economy has encountered everywhere. The most important opponent with which the spirit of capitalism, in the sense of a definite standard of life claiming ethical sanction, has had to struggle, was that type of attitude and reaction to new situations which we may designate as traditionalism.

26. ... we must try to make the provisional meaning [of "The Spirit of Capitalism"] clear by citing a few cases. We will begin from below, with the labourers. One of the technical means which the modern employer uses in order to secure the greatest possible amount of work from his men is the device of piece-rates in agriculture, for instance, the gathering of the harvest is a case where the greatest possible intensity of labour is called for... And since the interest of the employer in a speeding-up of harvesting increases with the increase of the results and the intensity of the work, the attempt has again and again been made, by increasing the piece-rates of the workmen, thereby giving them an opportunity to earn what is for them a very high wage, to interest them in increasing their own efficiency.

27. But a peculiar difficulty has been met with surprising frequency: raising the piece-rates has often had the result that not more but less has been accomplished in the same time, because the worker reacted to the increase not by increasing but by decreasing the amount of his work. A man, for instance, who at the rate of 1 mark per acre mowed 2½ acres per day and earned 2½ marks, when the rate was raised to 1.25 marks per acre mowed, not 3 acres, as he might easily have done,

thus earning 3.75 marks, but only 2 acres, so that he could still earn the 2 marks to which he was accustomed. The opportunity of earning more was less attractive than that of working less. He did not ask: how much can I earn in a day if I do as much work as possible? but: how much must I work in order to earn the wage, 2½ marks, which I earned before and which takes care of my traditional needs?

28. This is an example of what is here meant by traditionalism. A man does not “by nature” wish to earn more and more money but simply to live as he is accustomed to live and to earn as much as is necessary for that purpose. Wherever modern capitalism has begun its work of increasing the productivity of human labour by increasing its intensity, it has encountered the immensely stubborn resistance of this leading trait of pre-capitalistic labour. And to-day it encounters it the more, the more backward (from a capitalistic point of view) the labouring forces are with which it has to deal ... Labour must, on the contrary be performed as if it were an absolute end in itself, a calling. But such an attitude is by no means a product of nature. It cannot be evoked by low wages or high ones alone, but can only be the product of a long and arduous process of education.

29. To-day, capitalism, once in the saddle, can recruit its labouring force in all industrial countries with comparative ease. In the past this was in every case an extremely difficult problem. Even to-day it could probably not get along without the support of a powerful ally along the way, which, as we shall see below, was at hand at the time of its development ... The type of backward traditional form of labour ... are almost entirely unable and unwilling to give up methods of work inherited or once learned in favour of more efficient ones, to adapt themselves to new methods, to learn and to concentrate their intelligence, or even to use it at all.

30. The ability of mental concentration, as well as the absolutely essential feeling of obligation to one's job, are here most often combined with a strict economy which calculates the possibility of high earnings, and a cool self-control and frugality which enormously increase performance. This provides the most favourable foundation for the conception of labor as an end in itself, as a calling which is necessary to capitalism ... we provisionally use the expression spirit of (modern) capitalism to describe that attitude which seeks profit rationally and systematically in the manner which we have illustrated by the example of Benjamin Franklin.

31. ... Benjamin Franklin was filled with the spirit of capitalism at a time when his printing business did not differ in form from any handicraft enterprise. And we shall see that at the beginning of modern times it was by no means the capitalistic entrepreneurs of the commercial aristocracy, who were either the sole or the predominant bearers of the attitude we have here called the spirit of capitalism. It was much more the rising strata of the lower industrial middle classes. Even in the nineteenth century its classical representatives were not the elegant gentlemen of Liverpool and Hamburg, with their commercial fortunes handed down for generations, but the self-made parvenus of Manchester and Westphalia, who often rose from very modest circumstances.

32. [The entry of the spirit of capitalism] on the scene was not generally peaceful. A flood of mistrust, sometimes of hatred, above all of moral indignation, regularly opposed itself to the first innovator. Often ... regular legends of mysterious shady spots in his previous life have been produced. It is very easy not to recognize that only an unusually strong character could save an entrepreneur of this new type from the loss of his temperate self-control and from both moral and economic shipwreck. Furthermore, along with clarity of vision and ability to

act, it is only by virtue of very definite and highly developed ethical qualities that it has been possible for him to command the absolutely indispensable confidence of his customers and workmen. Nothing else could have given him the strength to overcome the innumerable obstacles, above all the infinitely more intensive work which is demanded of the modern entrepreneur.

33. But these are ethical qualities of quite a different sort from those adapted to the traditionalism of the past ... they were men who had grown up in the hard school of life, calculating and daring at the same time, above all temperate and reliable, shrewd and completely devoted to their business, with strictly bourgeois opinions and principles. ... If you ask them what is the meaning of their restless activity, why they are never satisfied with what they have, thus appearing so senseless to any purely worldly view of life, they would perhaps give the answer, if they know any at all: "to provide for my children and grandchildren". But more often and, since that motive is not peculiar to them, but was just as effective for the traditionalist, more correctly, simply: that business with its continuous work has become a necessary part of their lives. That is in fact the only possible motivation ... Of course, the desire for the power and recognition which the mere fact of wealth brings plays its part. ...

34. The capitalistic system so needs this devotion to the calling of making money, it is an attitude toward material goods which is so well suited to that system, so intimately bound up with the conditions of survival in the economic struggle for existence, that there can to-day no longer be any question of a necessary connection of that acquisitive manner of life with any single Weltanschauung [world view]. In fact, it no longer needs the support of any religious forces, and feels the attempts of religion to influence economic life, in so far as they can still be felt at all, to be as much an unjustified interference as its regulation by the State.

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