Max Weber Revisited

ROBERT H. NELSON

1. Introduction

When even the most extraordinary of events have become familiar, it is easy to lose sight of their true momentous quality. In the past 200 years, extraordinary is an understatement for the basic change in the human material condition on earth. An average person today in the developed parts of the world lives better in most material respects than a royal family of 300 or 400 years ago. Extending a life through quadruple by-pass heart surgery, flying from New York to London in six hours, holding a direct telephone conversation from Washington to Beijing, routinely eating a diverse diet of foods from all around the world, seeing events unfold in real time throughout the world by television – all these and many other familiar items of our existence today would have been regarded as virtual miracles in the not-so-distant past.

The turning point was 1800. Economic historian Gregory Clark reports that there was no large improvement in the living standards of the great majority of the people living in England until 1800. Indeed, for the world as a whole “the average person in … 1800 was no better off than the average person of 100,000 BC.” Life expectancy was 30 to 35 years, “no higher in 1800 than for hunter gatherers.” It was not until the nineteenth and twentieth centuries that there occurred “the first break of human society from the constraints of nature, the first break of the human economy from the natural economy” – the moment when very large numbers of people first overcame the state of material deprivation that had always previously characterized human existence for the great majority.1

There is no more important historical question than the following: how and why did this happen? The central events are familiar enough. Signs of a rapidly growing material productivity first appeared in Hol-

land in the seventeenth century. The leading edge of economic change shifted to England in the eighteenth century, setting the stage there for the industrial revolution in the nineteenth century. By the beginning of the twentieth century it was the United States that was leading the way into the new economic world. After World War II, the nations of the European Union came to rival the United States economically. In Asia at the same time, Japan was the first to join the new economic world. By the end of the century, China and India – along with a number of other smaller Asian nations – were following in this path.

Seen over the perspective of 200 years, all this is nothing short of astonishing. Although his writings helped to set the stage for the new economic world, Adam Smith had little inkling of the events to come – his world was the late eighteenth century before the real economic takeoff began. Karl Marx was the first great economist (great in historical impact, if not always analytical insight) who both saw clearly the extraordinary material advances taking place in the nineteenth century and attempted to offer a systematic explanation. While he offered many accurate observations, and newly focused attention on some critical issues, his theory of economic history was in the end a failure. The success of Marxism was instead as a new category of secular economic religion – drawing on apocalyptic and other familiar themes of Christianity, thus establishing a powerful religious resonance in western civilization that attracted many millions of faithful.\(^2\) As the distinguished American theologian Paul Tillich once said, Marx was “the most successful of all theologians since the [Protestant] Reformation.”\(^3\)

After Marx, the next great economist to address directly the causes of the material transformation of the human condition was Max Weber (1864–1920). Although Weber is now regarded mainly as a sociologist, he was part of the German school of economic history and his first chaired professorship was in economics. Weber’s treatise on *The Protestant Ethic and the Spirit of Capitalism* appeared in two articles in 1904–05 (followed by a modestly revised edition in 1920).\(^4\) Weber assumed, reasonably enough, that a significant part of the explanation must lie in the


events of preceding centuries that set the stage. Following Marx, Weber framed his treatise as an explanation for the rise of “capitalism” (although Marx himself had seldom used this precise term).

Rather than the rise of capitalism, however, a broader and more accurate term is “new economic world” – to think of the material transformation of the nineteenth and twentieth century as merely a matter of the accumulation of “capital” and of the interactions of “capitalists” and “workers” (and other economic classes in earlier historic eras) is much too limiting. The full workings of an economy cannot be understood outside the full institutional framework – including even the religious side of life – in which it functions. As Weber argued, the ideas in the minds of human beings are a large economic “parameter” (to use some contemporary economic jargon). Indeed, strictly speaking, there is no “economic order” but only a “social order” that may include a very large economic dimension. A full understanding of even narrowly economic outcomes can not be achieved outside the consideration of law, politics, technology, psychology, philosophy, religion, and other elements of society (however great the challenge that this may pose to the current disciplinary boundaries of the academy).

Yet, as a matter of historical fact, Weber did frame his treatise as an analysis of “capitalism.” It may have been because he was conforming in this respect to the intellectual trends of the late nineteenth and early twentieth century, a period when a total economic determinism often dominated intellectual discourse. If Weber hoped to receive serious attention for his work, it would be important to frame his efforts in this context, offering an improvement on (but not an outright rejection of) the Marxist understanding. While not going as far as Marx, Weber did in fact accept (reasonably enough) the partial validity of an economic determinism. It was certainly true that economic facts could significantly influence the intellectual and political events of the times. However, unlike Marx and many other total economic determinists, Weber saw that ideas could also significantly influence economic events. Indeed, as it seemed to Weber, religious ideas rivaled any other explanatory factors. The continuing interest in Weber’s writings reflects the fact that he gave an atypical answer – that now seems prescient – for his time. William Schweiker, professor of theological ethics at the Divinity School of the University of Chicago, summarized the thinking as of 2009: “For
many reasons, … Protestants helped to advance modern democratic political forms as well as the spread of capitalist economies.”

Weber, in short, was analyzing a much broader question than the specific behavior of capitalists and workers. Writing at the beginning of the twentieth century, he was saying that the astonishing material transformation of the nineteenth century – and continuing through the twentieth century, although Weber of course could not know of that – had been caused in significant part by an earlier basic change in the way the people of Europe – or at least the Protestant parts of Europe – viewed the world. The rise of the new economic world was in significant part a story in the history of religion.

2. Protestantism and Economic Winners

Weber’s initial interest in the economic importance of Protestantism was stimulated by his observation that in the Germany of his times – as well as other European countries – there was a disproportionate number of Protestants among the most economically successful. As he described the question to be explored in *The Protestant Ethic and the Spirit of Capitalism*, it was that “the occupational statistics of any country of mixed religious composition brings to light with remarkable frequency … the fact that business leaders and owners of capital, as well as the higher grades of skilled labour, and even more the higher technically and commercially trained personnel of modern enterprises, are overwhelmingly Protestant” – far out of proportion to their numbers in the population.6 This historical observation admittedly had been made before Weber and has been affirmed many times since.

In 1967, for example, the British historian Hugh Trevor-Roper commented that “even in Catholic countries, like France or Austria, it was Protestants who thrrove and built up industry. And it is indisputable that extreme forms of Protestantism were popular among industrial workers.” Moreover, it was not all Protestants equally but especially Calvinists, the main objects of Weber’s attention. Thus, in the France of Cardinal Richelieu, he “relied largely on [Protestant] Huguenot

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men of affairs. His bankers were French Calvinists.” The domination by Calvinists “does not appear in France only. We have seen it in Lutheran Denmark and Lutheran Sweden” where Calvinists, although few in number, were economically prominent. All in all, “in Catholic as in Protestant countries, in the mid-seventeenth century, we find that the Calvinists are indeed the great entrepreneurs. They are an international force, the economic elite of Europe. They alone, it seems, can mobilize commerce and industry and, by so doing, command great sums of money, either to finance armies or to reinvest in other great economic undertakings.”

More recently, Walter Mead, senior fellow at the Council on Foreign Relations in New York, has written on the interaction of economics and religion in the history of Great Britain and the United States. With respect to the role of Calvinists, Mead observes that “Anglo-American history certainly provides Weber with support. The merchants of England were much more likely to be Calvinists than the general population; in the United States it was the most Calvinist regions – like New England and its daughter communities in the Middle West – that were most responsible for America’s rapid development.” The vast majority of Americans in the early years were Protestant but it was in particular the “Calvinist Presbyterians of New Jersey and Congregationalists of greater New England” who led the way economically.

Weber was speaking mainly of the economic success of Protestants as individuals. It is possible also to speak of nations as historically “Protestant,” “Catholic,” or another religion (reflecting the predominant historical faith of the population, and recognizing that the present religious beliefs may have changed significantly from the past). Looking back over their history, even though they have had many individual Catholics, the following nations can be assigned unambiguously to the Protestant category: England, Holland, the Scandinavian nations, and the United States. The following nations can be assigned unambiguously to the Catholic category: Italy, Spain, Portugal, Ireland, Belgium, and Austria (this is obviously not an all-inclusive list). Germany and Switzerland are less clearcut but on balance belong in the Protestant category.

Over the past 30 years, the British economic historian Angus Maddison (since 1978 a professor at the University of Groningen in Holland) has accomplished a remarkable task: compiling the most complete long run historical set of national economic data ever available (and that Weber of course did not have, although his sense of the economic situation in Europe matches fairly closely the Maddison findings). In 1820, as shown in Table 1, two Protestant nations, Holland and England, were the economic super stars of Europe. Each had an income per capita almost 50 percent above that of the nearest other nation. Other than these two nations, there is a surprising similarity of economic status in Europe, whether the nation is Protestant or Catholic. The incomes per capita of Catholic Italy, Spain and France were in 1820 not all that different from Protestant Germany, Switzerland, and Sweden. Four smaller nations, two Catholic and two Protestant, however, lagged – Portugal, Ireland, Norway and Finland.

By 1900, around the time that Weber was writing, the picture had changed. Two of the leading Catholic nations, Italy and Spain, had joined the ranks of the economic laggards (the decline was, to be sure, only relative, as both experienced significant absolute increases in national income per capita over the course of the nineteenth century). Holland had fallen precipitously in relative economic status, now

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9 Maddison’s estimates of national income per capita are available at his web site. Go to http://www.ggdc.net/maddison/.

10 Estimates of national income for a year as distant as 1820 require a number of assumptions and depend critically on the relative prices employed. Economic historians Jan de Vries and Ad van der Woude compare income per capita for Great Britain and Holland from 1700 to 1850, using prices in Dutch guilders from the eighteenth century. They estimate that in 1750 income per capita in Holland was about 50 percent greater than in Britain. However, they show Britain catching up with Holland by 1790, several decades earlier than Maddison estimates, although on the whole broadly consistent with his calculations. See Jan de Vries and Ad van der Woude, The First Modern Economy: Success, Failure, and Perseverance of the Dutch Economy, 1500 – 1815 (New York: Cambridge University Press, 1997), p. 707.

11 Maddison is unable to provide national income estimates for 1820 for Russia and Eastern Europe. The first year for which he provides such data is 1870 for most of the nations of Eastern Europe. In that year, Czechoslovakia and Hungary had incomes per capita greater than Portugal, the poorest nation in Western Europe, and about equal to Finland, the second poorest. In 2000, the income per capita of Russia was still only about one-third the western European standard and 22 percent of the United States income per capita.
having an income per capita below Catholic Belgium. England ended
the nineteenth century as the wealthiest country in the world but its rel-
tive economic superiority had declined sharply, and its income per cap-
ita was now only 10 percent above the rapidly rising entrant to the ranks
economic super stars, the United States.

In summary, in terms of national economic outcomes, the leading ques-
tion as of 1820 was the much superior performance of Protestant Hol-
lund and England. What, if anything, had their Protestantism had to do
with it? By 1900, it was the recent rise of the United States – also a
Protestant nation – that commanded the greatest interest. The relative
decline of Italy and Spain over the course of the nineteenth century
also were notable: Was this due in any way to their Catholic heritage,
or perhaps more to their Mediterranean climates and locations, or per-
haps still other factors in their long histories?

Table 1. Per Capita GDP (1990 International Geary–Khamis dollars)

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<th>1820</th>
<th>1900</th>
<th>1960</th>
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<tr>
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* 1913
** Weighted. average (by population)
3. What Weber Said

Scholars are not immune to their own incentives. To write in full support of Weber’s analysis and conclusions is not likely to attract much professional attention – or to lead to a professorship. Other scholars have no doubt been influenced by their own fundamental disagreement – virtually a religious disagreement – with the large role that Weber assigned to religious ideas in shaping history. One easy way of attacking Weber is to erect a straw man of his thesis, and then to proceed to demolish it. For example, some authors have correctly observed that Calvinism regarded high wealth and luxurious living as a violation of God’s commands, indeed as virtual temptations of the devil. How, then, they argue, could Weber be correct to say that Calvinism provided strong religious encouragement to large profits? It is important, therefore, to understand precisely what Weber did say and did not say.

Weber devoted large portions of *The Protestant Ethic and the Spirit of Capitalism* to the idea of the “calling.” A distinctive feature of Calvinism
was its view of an all-powerful God who could not be influenced in any way by human actions – including the critical determination of whether a person was or was not among the saved. Calvinist theology offered the most extreme Protestant rejection of the Catholic theology that allowed “works” to have a role in salvation. God for Calvin had thus simply predestined some people (unfortunately a minority) for salvation and the others to eternal damnation. Moreover, it would be impossible for any human being to know in which category he or she fell, however good or bad their behavior might seem by ordinary human standards, or indeed any other human criteria. God’s thinking in matters of salvation must remain simply a great and inscrutable mystery, known only to Him.

Weber argued that, whatever the theological merits of such a view, it was a psychologically untenable belief for an ordinary member of the human species. If literally believed, if nothing whatsoever mattered in matters of salvation, it might easily lead to a deep fatalism, a lack of moral commitment, and a withdrawal from the world – or perhaps instead to a selfish individualism in pursuit of many worldly pleasures. The later Calvinist response (if not that of Calvin himself), as Weber found, was to see success in a calling as a “sign” (but not a guarantee) of God’s favor. For the good Calvinist, those who were saved would have an inner peace of mind and grace that would manifest itself in worldly accomplishments in pursuit of a calling. In a great paradox, the religious success of Calvinism may have lain significantly in the fact that its popular understanding brought back salvation by good works in spades. However much Calvin himself might have been horrified by the thought, one might even say that the later evolution of Calvinism ended up with a stronger statement of salvation by works than the original version of the Catholic Church itself.

A good Calvinist thus had the strongest religious encouragement to pursue success in a business enterprise, among other possible callings, with full religious fervor. A high level of profits might in practice serve as the best indicator of a future in heaven. High profits, however, could also pose a grave new threat. If a newly successful businessman began to live a life of pleasure and luxury, the prospects for his eternal soul might be endangered – as had happened to many ex-Calvinists. It was not necessary, however, for the businessman to live in poverty. A devout Calvinist whose calling was in business should be as successful – should make as large a profit as possible – within the bounds of acting
ethically in his relations with others. He should not, however, use the profits for any grand pleasures for himself or his family.

There were two main options. The most likely was to reinvest the profits in the business, thus boosting the total level of capital investment, creating further profits and investment, and establishing a cycle of profit making and investment obviously calculated to help to create a new economic order (often referred to as “capitalism”). Another option, also pursued by many Calvinists, was to give the money away (perhaps most likely to occur in the later stages of life). As Weber emphasized, regarded from a utilitarian point of view of maximizing personal happiness and enjoyment – perhaps the outlook of most people in the history of the world – the Calvinist businessman was behaving altogether “irrationally.” He was supposed to work very hard, impose on himself a severe personal discipline throughout his life, and yet should not want or get much practical benefit – in this world at least. Calvinism in this way produced, as one might say, a whole new human species of “ascetic entrepreneur and businessman.”

It amounted, as Weber observed, to a transfer of the religious zeal of the monk to the practical affairs of the world. Not only a few select people of exceptional religious devotion but all people must live and act according to the religious principles of the monastery. As it has frequently been said of Protestantism, its followers were “the priesthood of all believers.” As Weber wrote about the ethic promoted by Calvinism,

[It] acted powerfully against the spontaneous enjoyment of possessions; it restricted consumption, especially of luxuries. On the other hand, it had the psychological effect of freeing the acquisition of goods from the inhibitions of traditionalist ethics. It broke the bonds of the impulse of acquisition in that it not only legalized it, but … looked upon it as directly willed by God. The campaign against the temptations of the flesh, and the dependence on external things, was … not a struggle against rational acquisition, but against the irrational use of wealth.  

This was the core argument of *The Protestant Ethic and the Spirit of Capitalism*. But Weber also developed many other important themes in a less organized fashion, a main reason for the continuing wide interest in his work. Gathered together appropriately, as will be described below, some of Weber’s lesser themes can be cumulated to form larger theses – sometimes identified by Weber in passing, sometimes never mentioned explicitly by him (leaving it to his later readers to do the work

of interpretation). One area of particular interest was the tension between the individual and the community in Calvinism.

A 2003 study of the impact of Calvinism describes it as having brought about a “disciplinary revolution” in early modern Europe. In comparing Catholicism, Lutheranism and Calvinism, Philip Gorski notes that “while all three confessions advocated discipline – both religious and social – it was the Calvinists who did so with the greatest fervor and consequence.” Calvinism also “gave particular emphasis to the conformity of the church – indeed the entire political community – with scriptural law.” For the Calvinists, the purpose of their tight social discipline “was not so much to punish individual sinners as to expunge sin from the Christian community.”

Thus, on the one hand, Calvinism, like all Protestantism, was deeply individualistic – the new relationship with God was that of an individual without any church intermediaries. On the other hand, Calvinism offered a powerful sense of common membership in a religious community. God had instructed that a Calvinist community should be a model of righteousness and virtue. The original Puritans who came to Massachusetts in the seventeenth century saw themselves as building a “city upon a hill” as a beacon for all the world. As Weber notes, and similar to the Jews (Calvinism and Judaism were close cousins in many respects), the Puritans saw themselves as “God’s chosen people” in the fulfillment of his plans for the world. Ironically in light of the individualism of the formal theology, a Calvinist community was likely to be more cohesive and to exercise stricter collective discipline than its Catholic counterpart – as Weber recognized while choosing not to make this a central message of *The Protestant Ethic and the Spirit of Capitalism*. Calvin’s Geneva was at least as close to the medieval as the modern spirit of political and economic freedom in its manner of governance.

4. Weber’s Early Critics

Criticism of Weber’s thesis emerged almost as soon as it appeared among German scholars such as Felix Rachfahl, Werner Sombart, Georg Simmel, and Lujo Brentano. Rachfahl argued that the laity among the Catholic faithful were also encouraged to hard work and ascetic discipline, much in the manner of a Calvinist pursuit of a calling. Sombart found that the Jews historically were the more important factor in the rise of capitalism, also pointing to counter-examples such as Leon Battiste Alberti, a very successful Florentine merchant whose work ethic and other values closely resembled those found by Weber in Calvinism. Brentano cited the example of Jacob Fugger who well before the Reformation exhibited a dedication to making very large amounts of money simply for its own sake. Others argued that the discoveries of the Americas had shifted economic activity in Europe away from the Mediterranean, and towards the Atlantic (and only by coincidence toward Protestant nations such as Holland and England).

In England, R.H. Tawney in 1926 became one of the first to address the Weber thesis in Religion and the Rise of Capitalism. He disagreed with Weber’s argument that the Protestant Ethic had itself caused the rise of capitalism, stating that “if capitalism means the direction of industry by owners of capital for their own pecuniary gain, and the social relations which establish themselves between them and the wage-earning proletariat whom they control, then capitalism had existed on a grand scale both in medieval Italy and in medieval Flanders.” But Tawney still found a large role for Calvinism in economic history, partly because the workings of a capitalist economy had helped to reshape Calvinism itself. Its evolving religious precepts, including importantly the idea of “the calling” that Weber emphasized, gave additional ethical support and legitimacy to capitalism. Economics and religion thus interacted and reinforced one another to create a powerful impetus that at first had yielded the political and economic institutions of Holland and England and then spread to wider parts of the world in the nineteenth and twentieth centuries.

17 Tawney, p. 84.
Another English reviewer, H.M. Robertson, in 1933 recast some of the themes of Tawney, again finding that capitalism first appeared in Italy, as well as pointing to the earlier presence within Catholicism of an ascetic commitment to worldly tasks. In the years after World War II, the Swedish economic historian Kurt Samuelsson was among the strongest critics of Weber, declaring in 1957 that “capitalism’ and the ‘capitalistic ethic’ had existed long before the Reformation.” Indeed, “viewed in the perspective of the history of ideas as a whole, the element of divergence from the corresponding Catholic world was from the beginning exceedingly slight.” Belgium, a Catholic country, was also rapidly developing the institutions of capitalism in the sixteenth and seventeenth centuries. Samuelsson concludes that as a matter of economic history “wherever Weber saw Protestants and the Reformed church, other [non-religious] factors can be found that are far more obviously calculated to promote trade and industry, capital formation and economic progress.” Indeed, the real key to the success of England, Holland, Scotland, and the northern part of Germany lay “in their location on ocean shores of transcontinental routes that were in use hundreds of years before the Reformation.” Samuelsson asserted that, contrary to Weber (and even the views of some of Weber’s critics), religion and the rise of capitalism were simply two altogether unrelated subjects.

Other reviewers of Weber’s work in the 1950s, however, were more approving. In 1958 a leading American intellectual historian, H. Stuart Hughes, saw Weber as an intellectual giant of the twentieth century who with Emil Durkheim was one of “the two most important founders of the discipline of sociology.” Indeed, Hughes declares that Weber is “the only rival of Freud for the title of the leading social thinker of our century” (admittedly a greater compliment in 1958, when esteem for Freud was at its peak, than it would be today). Hughes wrote with respect to The Protestant Ethic and the Spirit of Capitalism that:

By 1964, as Robert Green has observed, “no five-foot shelf could have held all the works published on the Weber thesis controversy.”

Although there would be no diminution of interest, the character of much of the future commentary, however, would change. It is now often acknowledged that the specific importance of the Calvinist calling in Weber’s thesis may well have been overstated. The economic impacts of Calvinism and other forms of Protestantism are still seen as powerful but they were in fact diverse and other features of Protestantism may have been equally or more important. In 1998, for example, the Harvard economic historian David Landes wrote that in England, “the Dissenters (read Calvinists) were disproportionately active and influential in the factories and forges of the nascent Industrial Revolution.” While declaring his overall strong support for the Weber thesis, Landes shifts the emphasis somewhat: “The heart of the matter lay indeed in the making of a new kind of man: rational, ordered, diligent, productive. These virtues, while not new, were hardly commonplace. Protestantism generalized them among its adherents, who judged one another by conformity to these standards.”

5. The Dutch Case

In 1500, as Table 3 (also based on Maddison estimates) shows, Italy was the richest nation in Europe. Italy, however, was eclipsed by Holland in 1600 and the gap between Holland and Italy (and the rest of Europe as

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[It] early became the most widely read of Weber’s writings. And this popularity was unquestionably justified. Despite all the criticism to which it has been subjected, and the corrections of detail that is has undergone, The Protestant Ethic remains one of the great works of social thought of our time—a almost unique combination of imaginative boldness in its central hypothesis and meticulous scholarship in its documentation. In its careful balancing of the material and spiritual, it pursues an argument of a subtlety that has frequently thrown the overhasty reader off track.  

21 Ibid., p. 165.
well) continued to grow during the seventeenth century. By 1700, Holland’s income per capita was 70 percent greater than that of England, its closest economic rival. Italy and Belgium, two Catholic countries, in 1700 also had incomes per capita below but similar to England. The rest of Europe fell even much further behind the Dutch. As of 1600, Catholic Europe was still richer than Protestant Europe, but that was no longer true in 1700. By then, the weighted average (by population) of the incomes per capita of the Protestant nations of Europe exceeded that of the Catholic nations by 14 percent. This gap would become larger and persist for three centuries until the late twentieth century.

The most rapid period of Dutch growth was from the 1580s to the 1660s. As economic historians Jan de Vries and Ad van der Woude report, Holland “grew quickly in strength, dominated the economy of Europe, and constructed a trading empire that spanned much of the world.” By 1650, Holland had the highest wage rates in Europe, partly reflecting the fact that it was able to maintain “the highest overall level of total factor productivity for the better part of the seventeenth and eighteenth centuries.” In the first half of the seventeenth century, for example, agricultural productivity increased by 80 percent. As a result of these and other economic advances, de Vries and van der Woude conclude that the United Provinces of Holland in the seventeenth century “can lay claim to being the first modern economy by virtue of continuity (it has been a modern economy ever since) and by virtue of establishing the conditions for economic modernity over much of Europe.”

Dutch productivity increases were based in part on the accumulation of large stocks of investment capital. Holland benefited as a common destination for French Huguenots, Antwerp merchants, Italian capitalists, Spanish Jews, and other wealthy individuals fleeing limits on their economic freedoms and other forms of state and church control elsewhere. But most of the Dutch investment was generated internally. De Vries and van der Woude report on the example of Louis Trip, a

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24 More precisely, we mean the “United Kingdom,” but I will use “England” in this chapter in the broadest sense, unless speaking specifically of Scotland or some other subunit of the United Kingdom.

Dutchman who invested 46,000 guilders in two family businesses in 1632, saw them double:

in value in fifteen years, and then increase six-fold in the next decade, leaving him with assets of greater than 600,000 guilders in the 1660s – all this possible partly because he spent less than 10 percent of his annual income for consumptive purposes. He would seem to be, in short, a capitalist as described by Weber, and there were many more of his kind in Holland. Investment was also encouraged by a proliferation of Dutch “institutional, technological, and organizational improvements” that, among other encouragements to economic growth, significantly “reduced transactions costs,” thus helping to generate large profits.26

Table 3 Income per capita (1990 International Geary-Khamisdollars)

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<thead>
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<th>Protestant Nations</th>
<th>1500</th>
<th>1600</th>
<th>1700</th>
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<td>914</td>
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* eighted average (by population)

At one point, De Vries and van der Woude examine directly the role of Calvinism in the economic rise of the Dutch Republic. They find that Calvinism was a significant factor but not precisely in the way postulated by Weber. For one thing, many of the Protestants of Holland were not in fact devout Calvinists; they might be critical of the Catholic Church, and advocates of major religious and other institutional changes in Eu-

26 Ibid., p. 670.
rope, but their thinking was often more in the humanistic vein of Erasmus. Cities such as Amsterdam attracted large numbers of the economic and religious refuges of Europe who brought a wide range of unorthodox views. Hence, as de Vries and van der Woude conclude, the evidence is weak for the direct “influence of Calvinism in rationalizing personal life,” as Weber had theorized.

They reject, however, any suggestion that Calvinism was irrelevant to the economic success of Holland. For one thing, the very existence of an independent and free Holland resulted from the fierce religious struggle – lasting 80 years – of Dutch Calvinists against Spanish Catholic rule. Calvinism also helped to frame even among “the humanists among the urban elite … [a new understanding of] themselves” in Dutch society. The Calvinist way of thinking “furnished the merchant, artisan, and, indeed, all commercial people a basis upon which to claim a legitimate place in the Christian polity” of Holland. De Vries and van der Woude conclude that “without the inner-psychological and outer-political ‘fixing agent’ of Calvinism, the claims of merchants to govern in a Republic would have been difficult to justify – to themselves as much as to others.” Coming close to the Weber formulation, the Calvinist influence also encouraged successful Dutch businessmen “to avoid the destructive temptations of the secular life through an ascetic discipline,” continuing in the zealous pursuit of ever greater economic successes.

But departing somewhat from Weber, de Vries and van der Woude find that the political role of Calvinism may also have been an important factor in that it exerted a powerful “influence in rationalizing public life,” serving to encourage the many institutional and organizational improvements devised in Holland from the sixteenth to the eighteenth centuries. In short, Weber’s specific thesis relating to the Calvinist theology of predestination and the calling may not have been the decisive factor in the rise of the Dutch economy but “what cannot be doubted is the important impress left by Calvinism” on a number of important features of the Dutch state and on the self-concept of the individual Dutch businessman, all this contributing significantly to the rise of Holland as the “first modern economy,” the richest country in Europe through the seventeenth and eighteenth centuries.

27 Ibid., p. 169.
28 Ibid., p. 168, 169.
29 Ibid., pp. 169, 172, 707.
6. Protestantism as Agent of Social Transformation

In an extreme form of economic determinism such as Marxism, the essential explanations are all material. The content of ideas and all the rest of society follow from the economics – in Marxism, the mental illusions of a “false consciousness” (such as religion) merely correspond to the workings of a particular stage of economic history. Although the economics profession today does not carry things this far, it has long believed that the economy can be studied independent of political, psychological and other non-material elements of society. There are “laws” of economic events to be discovered that are analogous to the laws that control the natural world – and economists should also expect to develop precise mathematical formulations of these laws.

A transformation of the astonishing magnitude of the new economic world of the nineteenth and twentieth centuries, however, must encompass every element of society. In 1968, a leading Israeli sociologist, S.N. Eisenstadt, argued that Weber’s full argument is better understood in such a broad framework, as a study in the ability of Protestantism to transform a whole society in all its respects, not just the economic behavior of its members. Eisenstadt notes that different religions can have varying capacities to bring about – intentionally or unintentionally – “the transformation of social reality” in all its economic, political, legal, and other aspects. Protestantism, moreover, has a particularly high transformative capacity among religions, even though “all the scholars who have dealt with the matter seem to agree that the transformative potential seems not to be connected to a single tenet of the Protestant faith.”

It is nevertheless clear that one of “the most important [factors is] … its strong combination of ‘this-worldliness’ and transcendentalism.” Protestantism has a special way of redirecting religious energies to radically altering the practical affairs of this world. A second key factor is “the strong emphasis on individual activism and responsibility,” causing lay Protestants to work devotedly for improvements in the world. A third factor is “the direct relationship of the individual to the sacred

30 See Karl Polanyi, The great transformation: The political and economic origins of our times (Boston: Beacon, 1957 – first ed. 1944).
and to the sacred tradition,” as found above all in Protestantism, and which “minimizes the extent to which individual commitment is mediated by any institution, organization, or textual exegesis.” This element encourages individuals to dedicate themselves to “the possibility of continuous redefinition, a possibility which is further enhanced by the strong transcendental emphasis that minimizes the sacredness of any ‘here and now,’” and thus opens the way to whole new ways of conceiving the workings of religion and every other part of society.32 Taking its cues from Luther’s initial bold act of rebellion, Protestantism offered almost an institutionalization of the habit of radical change.

Although beginning with Luther, these features were characteristic most of all of Calvinism. For the Calvinist faithful, Eisenstadt writes, they redefined their whole “conception … of the social world and of their own place in it.” This reconception of individual and collective identity was not limited to the economic side of life but encompassed all aspects. Rather than changes in the economic side of life, as emphasized by Weber, an even greater consequence – especially in the earlier part of the Protestant Reformation in the sixteenth century – may have been in the political realm. Protestant, and especially Calvinist, communities were characterized by a great autonomy and self-sufficiency from the larger state. Thus, as Eisenstadt writes, “the basic theological tenets of Luther, Zwingli, and Calvin themselves – however marked were the differences in their attitudes toward political constitutions – contained some very strong reformulations of the relationships between state and ‘society,’ between rulers and ruled, and of the scope and nature of the political community.” Although Weber gave less attention to the political consequences of Protestantism, “the first institutional aspect … which Protestantism tended to transform was the central symbols, identities and institutions of the political sphere.”33 Even much later, as compared with the other countries of Europe, the institutional differences found in Holland and England – the two European Protestant nations of conspicuously greatest economic success – were greater in terms of their political systems than their economic systems.

32 Ibid., pp. 10, 11.
33 Ibid., p. 11.
7. The Consequences of Religious Competition

Eisenstadt focuses on the influence of ideas so he does not address two other factors that may have been even more important in making Protestantism a powerful agent of social transformation. First, there was the very fact of the Protestant Reformation itself. Catholic theologians have often used a different term, referring to the “Protestant Revolution.” Protestantism did in fact provide a revolutionary example for Europe. In a real sense (more likely to be noted by a Catholic historian), and although Luther did not directly command any armies, he precedes Cromwell, Robespierre, and Lenin. In 1500, the Catholic Church had held a religious monopoly in Europe for a thousand years; whatever its many failings, it had survived and anchored Christian Europe for all that time. It was an act of immense daring to declare that the Catholic Church was not merely fallible but that secession from the Church was a real and legitimate option – or even an obligation if the Church had betrayed its true mission. It would be no less bold today, for example, for a citizen of the United States to declare that there exists a right of sovereign secession – indeed mandated in certain circumstances – from the American nation-state. Luther not only made such a heretical statement (for his and our time as well) but acted forcefully to make it happen.

Once Luther had set the precedent, to be sure, it would be successfully followed by many within Protestantism itself. After Luther’s great secession, it was difficult to say why one Protestant group should not also be free to secede from another. Indeed, by 1600 there was a multiplicity of Protestant churches, ranging from the Anglican Church in England to numerous minor sects throughout Protestant Europe – a state of affairs that continues to the present day. As Catholic theologians have often lamented, the institutional practices of Protestantism create a state of “free choice” in religion. If a church can in some sense be analogized to a firm, Roman Catholicism before Luther was a religious monopoly, while Protestantism then created a “free market” in religion.

35 In 1861, the American south did of course make such a statement but Lincoln and the north ruthlessly suppressed it in the Civil War, the greatest military catastrophe in all of American history. In the sixteenth century, Rome attempted a similar suppression and had considerable success in restoring many newly Lutheran areas to Catholic authority, but many other areas successfully resisted.
(also leaving the Catholic Church in many religiously pluralistic nations as just another religious competitor). 36

The consequences for religion of the contrasting organizational structures of Roman Catholicism and Protestantism were large. In economics, a free market is almost inevitably more dynamic than a monopoly; the pace of economic innovation and change is more rapid where there is free and open competition. Religious change is not much different; if I do not like my current Ford, I can always buy a Toyota, and the same holds true for my exercise of religious choice. Then, if religious change can cause economic change, as Weber argued, economies in nations with Protestant religions will tend to be more dynamic as well. Since every economic system requires some form of religious legitimation (if often in our own day provided by forms of secular religion), the economies in Protestant societies will be able to adapt more quickly to new market forces, technological changes, and other altered circumstances.

This goes far to explain why, as has often been observed, Protestantism in the modern age has been more susceptible than Catholicism to the modern forces of secularization. It is in significant part due to the competitive organizational structure of Protestant religion. As new scientific discoveries and other events challenged or even undermined many traditional Christian beliefs, Protestant religion in the modern era could adapt more easily and quickly, as compared with Catholic religion. This did not require every denomination of Protestantism to change rapidly but merely some of its branches that would then gain many new adherents. Another apt analogy is to Darwinist evolution; Protestantism, one might say, is a Darwinist form of religious adaptation, while Catholicism offers a single large religious bureaucracy that in principle can evolve only through internal processes of change. Modern ideas thus more rapidly penetrated Protestant theology and practice (as a whole, even as some particular Protestant denominations defined their position in the “religious market” by a wholesale rejection of modern trends).

This is not to suggest that Protestants were (or are) any less devout than Catholics. Indeed, it was probably more often the contrary. Each Protestant could find a branch of the Christian faith that both proclaimed to possess an absolute truth of the world and this truth would

correspond closely to the religious sensibilities of the individual member of the faithful. If the theology of the Catholic Church seemed to be in error, there was not much a good Catholic could do. If the theology of a Protestant denomination seemed in error, a person could often simply switch to another church. In short, just as a free economic market matches goods and services with widely varying individual tastes, Protestantism can reach a similar result in the religious domain. Deeper religious conviction and greater piety among the Protestant faithful—at least on average—is to be expected, even as the range of strongly held Protestant convictions may be more diverse.37

8. Warfare as Agent of Change

Unfortunate as it was, the reality is that another important historical impact of the Protestant Reformation was the widespread religious warfare in Europe that followed, reaching a peak with the Thirty Years War from 1618 to 1648. In some German states, as much as 50 percent of the total population is estimated to have died. Throughout Germany, the loss of life may have been as high as 30 percent. Germany was convulsed economically and politically during this period as armies marched back and forth across its territory, destroying property and leaving states intermittently subject to Catholic and Protestant rule. Normal life was impossible. War also encouraged authoritarian rule; in war individual freedoms easily become a luxury no longer seen as affordable. The Thirty Year War set Germany back several decades from the normal course of economic development.

37 Protestantism might also be analogized to a decentralized system of many local governments, while Catholicism is like a centralized system of one government for the whole nation. Using an economic model, the economist Charles Tiebout once famously demonstrated how in a decentralized system the levels of public services would closely match the consumer tastes of the residents of each locality, as people entered and left, thus sorting themselves out according to income and tastes for local public services, and generating a system of more homogenous localities. Such a result would be more difficult or even impossible to obtain in a monolithic state or national system where public services would be similar everywhere. Protestantism might be said to offer a similar “Tiebout solution” in the religious domain. See Charles M. Tiebout, “A Pure Theory of Local Expenditures,” Journal of Political Economy 64 (October 1956), 416–24.
There was, however, an unintended possible benefit from all this; after the fighting stopped, Germany had to be rebuilt. With the old order destroyed, the way was paved for a new order to be created, allowing for a degree of social transformation that is normally impossible in the face of many entrenched forces powerfully resistant to such change. After World War II, the two most rapidly growing nations in the world were Germany and Japan (admittedly, partly because they had new political systems imposed on them and the United States committed large resources to their rebuilding). On balance, the Thirty Years War may well have been a net detriment economically for Germany, including over the long run, but it would require a detailed analysis of all the long run factors to develop a full assessment.

Moreover, there were different economic impacts of the Thirty Years War – both short run and long run – among the nations of Europe. England did not escape the conflict altogether but, partly owing to the protections afforded by its island geography, it never had to worry seriously about outside invasion and in general suffered less than other European nations. It did have its own internal religious war within Protestantism, culminating in the Puritan Revolution, but the level of devastation paled before that in some parts of continental Europe. Holland was also largely spared the worst ravages of the Thirty Years War and in 1648 derived a great benefit; it finally emerged as an independent nation, as a weakened Spain, after 80 years of fighting to prevent Dutch secession, finally had to concede Holland’s independence. Sweden under Gustavus Adolphus intervened militarily in Germany with great success, while avoiding any destructive warfare on its own soil, leaving Sweden at the end of the Thirty Years War as a newly powerful European nation. Thus, at its conclusion the fierce religious warfare of the early to mid seventeenth century left three nations, all Protestant, better off relative to other European countries. War exceeds even a free market in its ability to bring about radical social transformation – an unintended and unfortunate consequence of the Protestant Reformation.

9. Protestantism and Social Discipline

In its struggles with Spain, Holland was able to fend off a much larger nation state partly because the Dutch showed remarkable discipline and organization. England in the sixteenth century had had its own successes in fending off Spain, defeating the Spanish Armada (with some
help from the weather). The Sweden of Gustavus Adolphus, as noted, was a similarly effective fighting state. Some of the more recent reviewers of the Weber thesis have argued that another main consequence of the Protestant Reformation was in fact the strengthening of discipline and in general of state capabilities in the Protestant nations of Europe, relative to Catholic Europe. This inevitably would have major consequences for the political and economic history of Europe.

Philip Gorski, a recent commentator on *The Protestant Ethic and the Spirit of Capitalism*, writes that “Calvin understood church discipline as a form of witness through which God’s will and majesty were made manifest in the world.”38 Thus, much as an individual might obtain a sign of his or her favor before God through success in a calling, there could also be a collective sign of God’s favor. Worldly success would be important to Calvinists both at the individual and the community levels. When the Calvinist community and the state overlapped, the Calvinist state was likely to be less corrupt, to impose tighter moral standards, and to be more administratively efficient, as compared with its Catholic counterparts. (The Catholic state, however, was more likely to be disciplined and efficient in carrying out the task of expunging heresy from its midst.)

The Calvinist emphasis on the self-discipline of the individual also served to create “more obedient and industrious subjects” whose self discipline made it possible to put them to use by the Calvinist state “with less coercion and violence.” Those who work with great zeal for a collective purpose — doing it their own free will — are likely to serve the state more effectively than those who are simply ordered to do so. In Calvinist political bodies, there thus appeared a “new infrastructure of governance” that was put at the service of the early modern state, resulting in an overall “intensification of governance.”39

If the most famous Weber thesis related to the impact of Calvinism in the business world, Gorski sees another important message in that the process of increasing state capacities was also “unleashed by the Protestant Reformation.” Understanding this newly emerging form of early modern state “helps explain why two of the least centralized and least monarchical states in the early modern world — the Netherlands and England — were also among the most orderly and powerful” of Europe—
an states. Beginning in the seventeenth century, they gave their citizens more freedom but also could count on greater individual allegiance. They effectively built a physical and social infrastructure that directed and enhanced the most constructive state use of individual freedoms from the bottom up.

As Gorski acknowledges, while they are embedded at various places, Weber in the *Protestant Ethic and the Spirit of Capitalism* did not develop such political arguments in a systematic way. In a 1919–20 essay on “The Protestant Sects,” however, he came closer. As Gorski describes Weber’s argument then, “what distinguished the ecclesiastical polity of the ascetic churches and sects … was that they all possessed a system of congregational discipline, … which was quite different from the system of ecclesiastical discipline practiced by the Catholic Church and other hierocratic denominations, such as Lutheranism and Anglicanism.” In the Calvinist and other Protestant denominations with similar internal practices, “discipline was enforced by the laity, was communal in character, and focused on the moral qualities of the individual believer. It was public and it was imposed by one’s peers” in the church. In the Catholic system of church governance, by contrast, “discipline was enforced by the clergy, was authoritarian in character, and was triggered by specific offenses. It was private and it was applied by the priestly class.”

The internal communal discipline of the Calvinist congregation proved to be more effective than the external commands of the Catholic hierarchy (or of the Catholic state working in close coordination with the Catholic Church).

As such attitudes were secularized in the eighteenth century, the Protestant habits of disciplined study, self-improvement and self-education were transferred to the workings of the emerging modern state. It made, for example, for better informed voters who were better able to distinguish among the political charlatans and the politicians with real claims to leadership skills. By contrast, those who grew up in a Catholic society had little historic religious experience to draw upon in biblical study, church participation and other lay responsibilities for church leadership and management. The results were visible in the nineteenth and twentieth centuries in the longstanding political disorders of Italy and Spain (until they joined the European Union) and that still continue in much of Latin America today.

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40 Ibid., xvi, xvii.
41 Ibid., 27.
10. Weber’s Grand Narrative

In 2005, the centenary of the publication of *The Protestant Ethic and the Spirit of Capitalism* arrived. In a chapter in a celebratory volume, the American sociologist Donald Nielsen interpreted Weber’s most important message as the statement of an original “philosophy of history.” The use of the term “capitalism” was so fluid that it was hard to say any longer what it might even mean. Except perhaps for a few hardcore members of the economics profession, interest in exclusively material understandings of society was declining, with Marxism—the most extreme form of determinism—now rapidly becoming a leftover of a bygone era. According to Nielsen, Weber’s insights were still very relevant to our own times because, when seen in their totality, *The Protestant Ethic and the Spirit of Capitalism* portrays the rise of the modern economic world as one element of a much larger “grand narrative” that charted “the transformation from medieval to modern culture” in Europe.42

In presenting this grand narrative, Nielsen finds that—by assembling the insights of diverse parts of *The Protestant Ethic*—Weber develops “his history into a coherent whole through the use of a variety of narrative devices, including ideas of historical reversal, revival, and return, as well as inner transformation and others,” in a process covering “over a half millennium of history as well as aspects of the histories of a half dozen nations, including England, America, France, Germany, Italy and Holland.”43 *The Protestant Ethic* includes, as Nielsen describes it, a sophisticated portrayal of “the structure of medieval religious consciousness.”44

In the medieval worldview, it was thought impossible for these groups [among the laity] to lead a rational, disciplined existence. Instead it was assumed that since they were in the world, occupied the natural status of mankind in a fallen state, and caught up in worldly pursuits, they would inevitably sin and, therefore regularly require the system of canon law, confession, and penance that the church provided for the remission of sins. The effect of the confessional was “to relieve the subject from personal responsibility for his conduct … and thus of the full rigor of ascetic demands.”

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43 Ibid., p. 56.
44 Ibid., p. 57.
perfect moral existence was impossible for those living in the world. On the other hand, for those wishing to pursue a more perfect spiritual life, one less accommodated to the world, the various monastic orders were held out as a method sanctioned by the Church to achieve this higher goal.45

As a key step along the path of the social transformation of the Western world, the Protestantism Reformation fundamentally altered this basic way of thinking about religion and society. As Weber emphasized, the Reformation worked to redirect the religious ethic of the monastery to the entire social order, thus giving an asceticism, rationalism, and intense commitment of religious energies to the practical affairs of the world. It was related to the large emphasis that Weber gave to the whole psychological “issue of motivation.”46

Religious ideas about salvation, when linked to existential settings, can shape motivations and influence conduct. However, this is hardly all of Weber’s account. Calvin and his followers also emphasized the problem of idolatry. This religious idea, the avoidance of glorification of the creature and the creaturely, plays an interesting role in Weber’s narrative. The religious notion of idolatry represented a revival of the Old Testament “taboo against any humanization of God” and is paralleled by the Puritan ban on the deification of the creature. It has sweeping social, economic, and political consequences. It gave the Puritans leverage to oppose any “ennoblement” of their middle-class lifestyle. This meant opposition to luxury, creaturely enjoyments, sports, entertainments, and amusements, as well as any display beyond the minimum required for a modicum of allowable human comfort. It also set them against any political authority that usurped the place of God.47

Thus, as Nielsen interprets The Protestant Ethic and the Spirit of Capitalism, it traces the basic transformation from a medieval Catholic to a seventeenth-century Puritan way of thinking about the world—with all the attendant large consequences for western political and economic history. The final step in the grand historical narrative presented by Weber is the gradual secularization of the Puritan worldview in the eighteenth century. Weber takes Benjamin Franklin as a leading example of this shift towards a more modern but still in its essence Calvinist consciousness. As Nielsen comments, “Franklin’s spirit of capitalism expresses an ethic, rather than the lack of one. It does not result from a stripping

46 Ibid., p. 63.
47 Ibid., pp. 63–64.
away of ethical restraints, nor does it express a universal human motivation such as greed.” The origins of Franklin’s ethic are to be found “rooted in the soil of earlier Protestant asceticism, but by Franklin’s time the ethic has shed its religious hull.” 48

It is yet another stage of historical transformation. In this case new tenets of secular religion have emerged from old religion to reshape the ways of thinking—and behaving in economic domains—of the eighteenth and nineteenth centuries: “Franklin’s ethic was inherited from ascetic Protestantism but already contains the germ of utilitarianism. [From Protestantism] it lacks the eudemonistic emphasis on ‘the greatest happiness’ and refuses to admit that the greatest good is whatever is most useful. Franklin is not Jeremy Bentham.” But he is headed in that direction: “By calling attention to the utilitarian elements already found in Franklin’s thought, as well as to the deeper roots of these elements in Protestant teachings, Weber creates a historical narrative of religious and ethical ideas whose phases unfold from one another in fluid, but by no means ‘linear’ succession,” moving from medieval times to the end of the eighteenth century.” 49

As part of this grand narrative, the Protestant ethic also helped to pave the way for a new ethic of political and economic freedom that gradually emerged in the Calvinist societies of northern Europe. It had been learned originally in the Calvinist and other pietistic sects in which all members participated equally. The minister, deacons, and other leaders of the Calvinist churches were democratically chosen. The members of the Calvinist congregation gathered together every Sunday (sometimes more often) to study the Bible and to discuss important religious questions. Indeed, throughout Protestant Europe one found “regular Bible reading, daily journals, moral log books, and rigid control over time,” all these techniques serving to enhance the individual capacities and “self-discipline” of the faithful (the level of “human capital” in contemporary economic language). This followed directly from Protestant theology as each member of the faithful was responsible for learning the full message of the Bible and carried the burden of maintaining his or her own individual relationship with God.

As such elements were secularized, and reflecting also the basic individualism of the Protestant religious consciousness and the Puritan defense of the rights of the believer against any excessive claims of the

49 Ibid., p. 67.
state, it opened up the way for modern freedoms, setting the stage for the industrial revolution and the evolving new economic world of the nineteenth century. Adam Smith might be regarded as a new, secular version of an “economic Calvinist,” advocating the independence from the state for businessmen that Calvinism demanded for the religious true believer. Professional economists have mostly ignored the large Protestant backdrop to *The Wealth of Nations*. But the distinguished German theologian Ernst Troeltsch (a contemporary and close friend of Weber) recognized this long ago, writing in 1912 that,

> the great ideas of the separation of Church and State, toleration of different Church societies alongside of one another, the principle of Voluntarism in the formation of these Church-bodies, the (at first, no doubt, only relative) liberty of conviction and opinion in all matters of world-view and religion. Here are the roots of the old liberal theory of the inviolability of the inner personal life by the State, which was subsequently extended to more outward things; here is brought about the end of the medieval idea of civilisation, and coercive Church-and-State civilization gives place to individual civilisation free of Church direction. The idea is at first religious. Later, it becomes secularized…. But its real foundations are laid in the English Puritan Revolution. The momentum of its religious impulse opened the way for modern freedom.51

Weber’s “grand historical narrative” in *The Protestant Ethic and the Spirit of Capitalism* goes no further than the end of the eighteenth century and the existence by then among Calvinists in Holland, England, the United States and elsewhere of new ways of thinking about the world that would spread more widely and have even greater economic consequences in the next two centuries to come. Owing in significant part to the impact of Protestantism, the stage was set for an altogether unprecedented advance in the human material condition from 1800 to 2000. But in *The Protestant Ethic and the Spirit of Capitalism*, Weber did not himself give much attention to the economic events of the nineteenth century (others of Weber’s writings did deal more with this economic history).52

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His contribution in *The Protestant Ethic* was to bring us to the starting point of the great economic takeoff.

11. Other Impacts of Protestantism

Thus far, the discussion has mostly focused, following Max Weber’s example, on the consequences of Protestantism for the ways in which Europeans thought about themselves and the world. But there were other more mundane ways in which Protestantism could have a significant — if unintended — political and economic impact. As noted above, the Protestant Reformation was not only about theology. It was also about the ways churches were governed, their manner of interaction with the faithful, the education of the faithful, and the sexual and marital practices of both the clergy and the laity, among many other elements of church organization and operation. Indeed, the Protestant Reformation in a number of such areas made changes that were just as radical as in Christian theology.

**Mass Literacy** — Owing significantly to the imperative for every member of the faithful to be able to read and discuss the Bible, Protestantism put a high premium on achieving mass literacy. Historian David Landes comments that “good Protestants were expected to read the holy scriptures for themselves” and therefore Protestants stressed “instruction and literacy, for girls as well as boys.” Sweden in the eighteenth century was among the first nations in Europe to achieve near universal reading (but not writing) literacy, not through formal education but through “home-based instruction … for primarily religious purposes.”53 By contrast, there was no corresponding expectation that the Catholic laity had to be able to read. Indeed, Catholics “were explicitly discouraged from reading the Bible.”54 In southern Italy and Spain at the end of the eighteenth century literacy was still less than 25 percent.55

Today in Europe, virtually 100 percent literacy is the norm. But all the Protestant nations historically achieved high levels of literacy well

before Catholic nations. In 1875, male literacy in Protestant England, Holland and Prussia was 80 percent, 90 percent and 95 percent, respectively. In Catholic Austria, Belgium, Italy, and Spain, it was 60 percent, 60 percent, 35 percent, and 30 percent, respectively. Women fared even relatively worse in Catholic nations. Female literacy in 1875 in England and Holland was 80 percent and in Prussia in 1880 (the first year for which data are available) was 95 percent. Female literacy in Belgium, Italy and Spain in 1875 was 50 percent, 25 percent and 20 percent, respectively, and in Austria in 1890 (the first year available) was 70 percent. France in the second half of the nineteenth century achieved higher levels of literacy than other Catholic nations but French reading and writing levels were still below the Protestant nations of Europe.

Following Gutenberg’s development of the printing press around 1440 and the resulting much lower cost of reading material in the centuries that followed, a high level of literacy assumed an increasing practical economic significance. Printed material is much more efficient than an oral tradition in communicating ideas, technical methods – and indeed anything that can be put down in symbolic form on paper – over longer distances in time and space. Printing, combined with growing literacy, thus accomplished a communications revolution. Among the early consequences was to spread Protestant ideas across Europe with a new speed and accuracy, facilitating the successes of the Reformation itself. A Protestant nation was like a population today that is computer literate, while the ordinary people in Catholic nations remained “computer illiterate” until a considerably later time. If computer literacy is important today, being able to read and write was probably even more important economically in earlier centuries.

A high level of mass literacy creates not only a large economic asset (a much higher level of “human capital,” as economists say) for a society but is also a major asset for the workings of a democracy. Reading and writing facilitated the creation of an informed body of voters by allowing wider communication to occur among people separated by larger geographic distances. It also helped to create of common sense of community and interest in participating in politics across wider geographic areas. If the citizens of a nation are reading many of the same books, magazines, and other materials, they are likely to develop a stronger collective sense of identity as a nation and to feel a greater sense of responsibility for its future policies and actions.

**Confiscations of Catholic Church Property** – After King Henry VIII of England broke away from Rome in 1533, he confiscated
the lands of the Catholic Church – by some estimates around 25 percent of the total area of England. Many of the lands were then given away or sold, shifting them into ownerships where they were more likely to enter the commercial system. This positive economic outcome, moreover, was not limited to England. As economic historians Nathan Rosenberg and L.E. Birdzell report, in “Catholic countries, a substantial portion of the land was owned by ecclesiastical foundations and so was not available for purchase in the usual course of trade. The dispossession of these foundations, in the countries that became Protestant, added appreciably to the land and mineral resources available for exploitation by the merchant class.” Writing in 2005, Philip Gorski similarly notes that “by dissolving monastic properties and abolishing the monastic orders, the Protestant Reformation changed the structure of landholding” in ways that encouraged economic growth.

In Utrecht in Holland, for example, de Vries and van der Woude report that 31 percent of “land within the city walls had been in the hands of churches, monasteries, brotherhoods, immunities and the like. The Reformation transferred most of it to the city and to secular owners, thereby setting in motion a rigorous restructuring of urban land use.” Utrecht took over several monastic structures that “proved highly attractive as industrial sites for space-intensive industries.” Indeed, “the recycling of old [Catholic] religious structures played a prominent part in the industrial development policies of several Dutch cities.”

**Increasing the Supply of Labor –** The rise of Protestantism tended to increase the supply of labor in a country in several ways. First, the priesthoods, orders, and other clerical groups of the Catholic Church represented a large number of men and women removed from the ordinary economic side of life. Second, becoming a priest required long study and a longer period of withdrawal from even clerical work functions. A second important influence on the supply of labor was the number of religious holidays. The Catholic Church tended to have more holidays when normal work was suspended, as compared with

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58 De Vries and van der Woude, *The first modern economy*, p. 169.
Protestant faiths. In the seventeenth century in the United States, for example, both the Puritans and Quakers abolished even Christmas as a holiday. Historian David Hackett Fischer reports that “in company with other groups of radical Christians, including the Puritans in New England, Quakers [in middle America] … abolished many religious holidays.” They did this partly for religious reasons “because these celebrations seemed corrupt and ‘needless’ to them, and also for a deeper reason. ‘All days are alike holy in the sight of God.’”\(^{59}\) Just as there should be no special Catholic priesthood distinct from the laity, all Protestant men and women were required to live all the time according to the highest religious standards. The more radical forms of Protestantism thus also rejected the Catholic classification of the calendar into ordinary days and other days of special religious devotion.

Gorski agrees that this was another significant factor contributing to the economic “divergence” in the early modern era between the Protestant North Atlantic and the continental Catholic parts of Europe. As he writes, “by decreasing the number of religious holidays and lengthening the average work day, the Protestant Reformation increased the effective supply of labor.”\(^{60}\)

The Economic Effects of a Celibate Priesthood – The priests and nuns of the Catholic Church not only withdrew from the daily routine activities of work but also from marriage and reproduction (in contrast to Martin Luther, for example, who had six children, four of whom survived into adulthood). This meant at least some decline in future total population, depending on the size of the clerical groups (often large in the Middle Ages). Perhaps more important, the clergy provided much of the intellectual leadership of both Catholic and Protestant societies. Catholic countries in effect created a Darwinian system in which they were intentionally removing many of their most educated – and often among the most intelligent – members of society from the reproductive pool. If the human evolutionary process has any application within a time span of centuries, this was likely to have a negative political and economic impact.

Aside from the well documented and significant role that hereditary factors play in intelligence, family background and experience also have a significant influence on intellectual development. In a Catholic nation,


the clerical classes could not directly contribute to the future development of the society through the intense personal interactions among parent and child. By contrast, in Protestant nations the intellectual leadership often came disproportionately from ministers and then from their children when they reached adulthood. An American historian notes, for example, that in early Puritan Massachusetts ‘genealogists have remarked on ‘the vast number of unions between the members of the families of Puritan ministers.’ One commented that ‘it seemed to be a law of social ethics that the sons of ministers should marry the daughters of ministers.’” These unions, moreover, created a closely linked group of families that provided much of the leadership class—a social network of ministers and their families that represented “the cousinage that governed Massachusetts.” They “went to the same schools, visited constantly with one another, joined in the same working associations, and dominated the life of the Bay Colony for many generations”—indeed, maintaining a “regional hegemony” that lasted until well into the nineteenth century.  

Protestants and Science—In the 1930s the American sociologist Robert Merton sought to understand the historically unprecedented development of science in England in the seventeenth century. Like many intellectuals of that period, his initial assumption was that religion and science would be in conflict. He was therefore surprised to discover that many leading English scientists—indeed a quite disproportionate number relative to the total English population—came from Puritan backgrounds, and many of them were still devout as scientists. He assembled his findings in *Science, Technology and Society in Seventeenth Century England*, offering what might be described as a Weber thesis of science. The Protestant Reformation, and especially Calvinism, had given a large boost not only to the rise of capitalism, but also to the rise of western science.

As in other areas, there were multiple factors. The Catholic Church had established Aristotelian and other orthodoxies as its official teachings. The Protestant Reformation, however, in rejecting the authority of the Catholic Church opened the way for new scientific thinking. Anthony Waterman reports, for example, that in the eighteenth century an effort was made to extend “Newton’s method into all possible lines
of human inquiry.” In Britain, “establishment thinkers quickly grasped the apologetic importance of natural theology, and Newton was made not an enemy but an ally.” However, things moved more slowly in France where “Cartesian physics continued to be preferred to Newtonian until the middle of the [eighteenth] century.” Part of the reason was that “the natural theology associated with Newton’s cosmology was feared by authority in France down to the [French] Revolution as tending to deism.” Scottish critics considered that in France the Catholic Church “discourages inquiries into nature, lest by having our views enlarged, we may escape her bonds.”

A second impact on scientific discovery reflected the character of Protestant theology. All of Christian theology saw the biblical Creation in the first days as a reflection of God’s thinking; nature was in a real sense a mirror of the mind of God. To study nature was therefore to learn about God. For Catholics, however, similar forms of religious learning could also be obtained from a long history of Church writings and from visiting the great cathedrals and wonderful artwork of Catholic history. But the Protestant Reformation in principle rejected such forms of learning, allowing instruction of the faithful in only two ways – by reading the Book of the Bible and by visiting and experiencing the “Book of Nature,” both forms of communication directly from God without any Catholic or other church intermediaries.

Calvin thus wrote in his great systematic statement of his theology, *Institutes of the Christian Religion*, that “the knowledge of God [is] sown in their minds out of the wonderful workmanship of nature.” For those able to turn away from the “prodigious trifles” and “superfluous wealth” that occupy the minds of so many, it will be possible to be “instructed by this bare and simple testimony which the [animal] creatures render splendidly to the glory of God.” Human beings must show respect for the natural world because it is especially in its presence that they can find “burning lamps” that “shine for us … the glory of its Author” above. As Calvin believed, God had created the world a mere six

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thousand years ago, and it was still possible to see in nature His handiwork, altered only in minor ways since the Creation.

To this strong religious motive for studying nature was added the strict discipline and capacity for hard work of the Calvinist faithful. In England, as Merton found, the result had been a great boost to the development of science: “Among the original list of members of the Royal Society in 1663, 42 of the 68 for whom religious information pertaining to religious leanings is available, were clearly Puritan.” There was in general a clear “affinity between Puritanism, Baconianism and the new science.” Even as far back as the seventeenth century eminent people had taken “the occasion to comment upon the close connection between the reformers of religion and of science.” Merton found similar connections in other parts of Europe as well, observing that “all available evidence points in the same direction, Protestants, without exception, form a progressively larger proportion of the student body in those schools which emphasize scientific training, whereas Catholics concentrate their interests on classical and theological training.” Merton concluded that “ascetic Protestantism generally emerges as an emotionally consistent system of beliefs, sentiments and action which played no small part in arousing a sustaining interest in science,” not only in the seventeenth century but “even in the nineteenth century, their divorce was not final.”

Among those exposed in his youth to a large Puritan influence was Isaac Newton, whose view of nature “portrays a powerful God of dominion akin to the view of divine Providence espoused by John Calvin.” Similar to Calvin, Newton wrote that “we see the effects of a Deity in the creation and therefore the proof of a Deity.” Stephen Snobelen, a contemporary student of Newton, states that he “avers that an empirical study of nature will lead the student inductively toward God.” Indeed, that was the purpose not only of Newton’s voluminous theological writings but of his *Philosophiae naturalis principie mathematica*, announcing to the world in 1687 the workings of gravity and the solar

system. Showing the mathematical unity of the universe was for Newton the best way to illuminate for the world a path to God.

**Protestantism and Higher Education** – The same forces that encouraged science in Protestant societies also worked to promote the development of institutions of higher education. Unlike many past differences between Catholic and Protestant nations, this gap has persisted even into the twenty-first century. Indeed, the lists of the top ranked institutions of higher education in the world are today dominated by universities located in historically Protestant nations. There are at present two leading rankings of world universities, one released by Shanghai Jiao Tong University in China and the other by the Times Higher Education supplement in London. While there is inevitably a considerable subjectivity involved in such efforts, the Shanghai and London rankings, based on different methodologies, nevertheless show broadly similar results. Among the universities that were ranked in the top 100 in the world in 2008, Protestant nations, led by the United States (with by itself about half of the total number of universities in each ranking), dominated.

In the Shanghai rankings (which heavily weight publications and other evidence of productivity in the natural sciences, admittedly a historic weakness of Catholic universities), only four among the top 100 universities in the world were located in 2008 in historically Catholic nations (all of them in France).70 England and Scandinavia (with ten and eight universities, respectively) each had more top 100 universities than the entire Catholic world. With a population of only 17 million, Holland had three universities in the top 100 of the Shanghai rankings. There were none in all of Catholic Latin America.

In the London results for 2008 (which put a greater emphasis on international peer review), the results overall are similar, except that England increases its representation from 10 to 17 universities in the top 100.71 France now has only two top ranked universities but Belgium and Ireland have one each, again leaving the grand total for all historically Catholic nations at four (and, again, none in Latin America). In the

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London rankings, Scandinavia has five universities in the top 100 and Holland alone has four.

Among the large number of American universities in the top 100 in both the Shanghai and London rankings, many have strong historic connections to Protestantism. Harvard was the first American university in 1636, the result of a bequest by Puritan clergyman John Harvard of his 400 books and 800 pounds (half his total wealth). The seventeenth century Puritans of New England, as historian David Hackett Fischer reports, “had an obsessive interest in learning” that carried over to higher education.72 Yale in 1701 was a new Puritan university in Connecticut and Princeton in 1746 in New Jersey was Presbyterian (the Scottish branch of Calvinism). Although most early American universities were founded with strong Protestant religious connections, another wave of newly created universities in the mid to late nineteenth century were non-denominational, founded to promote the development of the natural sciences and other expert professional fields. There was still a connection to Protestantism in these cases, however, because the funding was frequently donated by a leading industrialist or other wealthy Protestant. As noted above, Calvinism had long taught that a good Christian could make large amounts of money but that it should not be spent in large sums for personal enjoyments. Rather, it should be reinvested or given away.

Among leading American universities today, Cornell University was founded in 1865 by a wealth Protestant businessman, Ezra Cornell, a partner of the inventor of the telegraph, Samuel Morse. Stanford University was founded in 1885 by Leland Stanford, a descendant of Massachusetts Puritans and a founder of the Central Pacific Railroad. The University of Chicago was founded in 1890 by John D. Rockefeller, a descendant of French Protestant Huguenots and a devout Baptist all his life. Carnegie Mellon University was founded by steel magnate Andrew Carnegie in 1900, an immigrant from Scotland who was not himself a devout Christian but did believe devoutly in the Calvinist teaching of making money to give it way – and did precisely that with almost all of his immense wealth. Duke University moved to its present location in 1892 and received a large bequest in 1924 from another successful Protestant businessman, tobacco industrialist James Duke. Strikingly, although around 50 American universities are found in the top 100 in the world in both the China and Shanghai rankings, and Roman Catholics

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72 Fischer, Albion’s seed, p 531.
make up about 25 percent of the United States population, none of the
top ranked American universities in 2008 had a strong historic connec-
tion to Catholicism.

Protestantism and the Rule of Law – Another important conse-
quence of Protestantism was to promote the rule of law. Indeed, the
Puritans felt a special affinity for the Old Testament, where the Jews
had entered into a covenant with God. They extended this idea not
only into the human relationship with God but into all areas of life. Re-
lationships within the church, between husband and wife, between man
and God, among businessmen, and in all walks of life were seen by the
Puritan faithful as contractual in nature, agreements made among freely
acting individuals. A contract was, as political scientist Michael Walzer
comments, “the highest human bond” for a Puritan. Contracts must be,
one Puritan minister wrote, “a voluntary relationship between persons
about things wherein they enjoy a freedom of will and have a power
to choose or refuse.” When such ways of thinking were extended
into the political domain, the state came to be seen as the product of
a voluntary contract. As the contract was spelled out between ruled
and ruler, it would take in part the form of a system of well defined
laws. Such a contractual view of the state – and of the individual rights
of property ownership as protected by the state – would exert a large
influence on the modern world through the writings of an English Pu-
ritan, John Locke.

In Religion, Order and Law, David Little, professor of religious studies
at the University of Virginia, finds a large impact of Puritanism in the
development of a system of law in England in the late sixteenth and the
seventeenth centuries. In the seventeenth century, James I, Charles I,
and other Stuart kings attempted to assert various new royal preroga-
tives, extending from religious to political and economic matters. It
was a period generally of increasing absolutism in Europe, especially
the Catholic parts of the continent. In England, the Puritans were the
fiercest in their resistance to such assertions of new state powers and
their insistence on legal protections against arbitrary state actions. In
the end, this led to the Puritan Revolution and the beheading of Charles
I in 1649.

73 Michael Walzer, The revolution of the saints: A study of the origins of radical
74 David Little, Religion, order and law: A study in pre-revolutionary England (Chica-
The greatest English legal authority of the early seventeenth century, whose writings as both a practicing jurist and legal theorist would later significantly influence the development of English law, was Edward Coke. Little finds that “it was Coke who, in case after case, decided against the restriction of trade, against the long-existing political and economic controls, and at once encouraged and reflected the emergence of new values and a new conception of social order. It was he who, like so many of his fellow jurists, embodied a predisposition to disallow any extension of restrictive practices to the new [economic] conditions which were developing on every side.”

Coke admittedly did not appeal to Calvinist theology to reach his legal conclusions. Rather, he based his arguments on English legal tradition, asserting that new claims to state authority violated the historical legal relationships between the governors and the governed of England. Yet, as Little finds, this was mainly a ruse; Coke was really “unconsciously disguising his [radical legal] innovations in the clothes of the past.” The real grounds of Coke’s thinking lay elsewhere; indeed, Coke’s (and others) “impulses within legal thought toward a spirit of free and autonomous economic activity, untrammeled by the traditional legal and political constraints, manifests a ‘rich congruence’ with some of the conclusions that emerged from the Calvinist Puritan pattern of order.” In England, a new rule of law emerged “out of its Calvinist heritage, … [which] introduced a conception of social life with profoundly disruptive implications for English society, a conception that had certain affinities with the characteristics of capitalism.”

Indeed, the workings of a free market are, except for warfare or natural disaster, the most radical force for change known to human history. The market rapidly sweeps aside any obstacle to the pursuit of greater efficiency and higher profits. That is the underlying reason for much of the strong opposition historically to a market system – it creates too many immediate losers. But the Puritan influence undercut the legitimacy of the market opponents; as Little reports, Puritanism favored “a dynamic conception of social change that envisions a new society living by a new law.” By contrast, the tendency of the Tudors and Stuarts in England was “to encourage ‘court-bound capitalism’ in direct opposition to a free market.” The Stuarts sought “political absolutism [which] is no more suited to rational capitalism than are the patterns of medieval

76 Ibid., p. 31.
industrial life.” Not only Cromwell and his armies but also English law were mobilized to combat any such tendencies to arbitrary state control. “Against the background of the Middle Ages and the age of the Tudors, Coke’s [legal] determinations in the field of industrial activity amounted to a pronounced departure from tradition. … The foundations were laid here – however incomplete they might be – for the emergence of a free market economy some two centuries later.”77

12. Protestant Reformation or Counter-Reformation?

In The Protestant Ethic and the Spirit of Capitalism, Weber made many passing observations with respect to the character of Roman Catholic religion but did not attempt a systematic analysis. He noted, for example, the historic preoccupation of the Catholic church with maintaining strict control in matters of religious belief, even as it was more tolerant of ordinary human sinfulness – as Weber commented, the Catholic policy was one of “punishing the heretic, but indulgent of the sinner.” The Catholic priest “dispensed atonement, hope of grace, certainty of forgiveness, and thereby granted release from that tremendous tension to which the Calvinist was doomed by an inexorable fate, admitting of no mitigation – except perhaps by lifelong success in a calling.” The result for a good Catholic was often a “very human cycle of sin, repentance, atonement, release, followed by renewed sin,” ending in a final confession that could in itself be sufficient to relieve the burden of sin as death approached.78

The messages of Catholic faith were therefore less likely to lead to a rationally disciplined life dedicated to a worldly objective – whether of making large amounts of money or of making the world a better place. Yet, the Catholic ethic could encourage greater profit seeking in other ways. It would seem that a Catholic businessman should have fewer concerns – whatever the official teachings of the Church might say – if his profit making yielded an abundance of riches that could then be sinfully misspent on a corresponding life of luxury. A later confession or other act of atonement – perhaps a large donation to a religious cause – could easily enough resolve the matter in the eyes of the Catholic Church. If even seeming good Calvinists were secret utilitarians at

77 Ibid., p. 220.
heart (an assumption that the economics profession today takes for granted), the strict ascetic requirements of Calvinism could act as a significant discouragement to a life of disciplined labor working towards high profits. As Weber had said, good Calvinists were supposed to be irrationally hard working but what if many Calvinists were actually more rational than they admitted publicly. They might well decide not to work so hard and so long.

In pre-Reformation Italy the Medici’s amassed great wealth, using it even to obtain high positions in the Catholic Church, including the Papacy itself. There were many other examples of large successes in business in Catholic Europe, resulting in large accumulations of wealth. As long as its authority was not directly challenged, the Catholic Church easily tolerated this and many other kinds of behavior. Indeed, the Protestant Reformation was initially a reaction against such Catholic moral laxness; the Reformers wanted to restore the simple piety of early Christianity, before the Catholic Church had succumbed to riches and other earthly temptations. Luther in fact was harsh in his condemnations of the pursuit of profits and the resulting corruptions of high living. Based on this history, one might easily conclude that the Catholic Church would pose few obstacles to the gradual emergence of a new economic order in the modern world – and that Protestantism might in fact be the greater problem.

But the Protestant Reformation, ironically, also had a large impact on the Catholic Church – a subject on which Weber has few things to say. In response to the Protestant challenge, there followed the Council of Trent in the mid sixteenth century and then a full Counter-Reformation throughout Catholic Europe, led by Spain. Although the Catholic Church of 1500 might have posed few obstacles to the rise of capitalism in Europe, this was perhaps less true of the Catholic Church of 1600, and still further removed from the Catholic Church of 1700. It was not only Protestantism that had become more disciplined following the Reformation but the Roman Catholic Church also showed a new commitment to enforcing Catholic theology and morality.

In 1967 the British historian Hugh Trevor-Roper criticized *The Protestant Ethic and the Spirit of Capitalism* on just such grounds. He argued that “the Roman Catholic religion, as medieval history had shown, was perfectly compatible with capitalist expansion.” But the rise of Protestantism changed the Catholic Church as well. It was no longer as tolerant of divisions within its ranks. Thus, while critical of
the Catholic Church, the followers of Erasmus, unlike Luther, had sought reforms from within. By the 1550s, however, “the popes of the Counter-Reformation drove the Italian Erasmists over the Alps.” In the decades to come Rome became the headquarters of “the Church of the princely system, and in society, the Church of a ‘feudal,’ official system. It was also exclusively tied to these systems. Its old elasticity had gone, intellectually and spiritually as well as politically.” It neither understood nor could accommodate the looming forces of rapid intellectual and social change. Rather, as Trevor-Roper observed, “without heresy, without variety, it was the Church of one form of State and one form of society only.” After the Counter-Reformation, Catholic defenders “harped on the essential unity of Church and State. The Catholic Church was the Church of their State.”

Trevor-Roper finds that in the wake of Luther there was in fact a “reinvigoration of the [Catholic] Church” as new religious orders such as the Jesuits were founded and “new forms of charity, new devotions, new methods of propaganda bring new resources to the Church and increase its possessions in mortmain.” It was also accompanied by a “reinvigoration … of the State” but as time passed “the newly established society, feeling itself vulnerable and threatened [by the Protestant heresy], becomes intolerant and turns out the uncomfortable, unassimilated elements in its midst. The obstinate survivors of the old reforming party are expelled, and the State settles down to enjoy its security … in the [now] happily united Church-state.” It was a pattern that Trevor-Roper found could “easily be illustrated” in all the Catholic states of Italy, Spain, Flanders, Bavaria, and Austria. With respect to education, for example, as Harvey Graff writes, “the Counter Reformation in Italy represented the triumph of ecclesiastic monopoly over education. … Counter Reformation forms of schooling tended to be narrower in their popular base than the [earlier] municipal school foundations. Literacy, by all counts, declined [in Italy] over the sixteenth and seventeenth centuries.”

Thus, it seems that the Protestant Reformation may have contributed to the rise of capitalism but for a reason much different from the

80 Ibid., p. 37.
81 Graff, The legacies of literacy, p. 189.
Weber thesis; the Protestant Reformation may have worked to change Catholicism in ways that undermined its prior flexibility and thus its compatibility with capitalism and the forces of the modern world. A newly energized Catholic Church looked backward rather than forward and now moved effectively to limit threats to its authority posed by modern ideas. If Luther and many other Protestants also looked backwards to early Christianity, there was no Protestant Pope to enforce a strict discipline among the wide range of Protestant churches and sects. It was not mainly Luther but above all Calvin whose thinking worked to promote the creation of the modern world.

Trevor-Roper recognized, to be sure, that he needed to address the case of France which in a number of ways was a large exception. But “as the great power opposed to Spain, France found itself opposed to the Counter-Reformation” and thus avoided many of its most rigid tendencies. Indeed, until expelled in the late seventeenth century, the French population included many Protestant Huguenots who were disproportionately represented among the economically successful in France. Spain, by contrast, could never have tolerated such a wide presence of Protestant heresy in its midst. For a long period France “received the fugitives of the Roman and Spanish Inquisitions; it published the works suppressed by the Roman censorship; and it benefited by the vast sales of Church lands carried out in the Wars of Religion.”

But a state of comparative religious toleration did not last indefinitely even in France. Partly owing to the spectacle just across the English channel of Oliver Cromwell and the Puritan Revolution, including the execution of the English king, the Catholics of France grew more fearful of the Protestants in their midst, finally expelling them altogether in 1685. Hence, even in France, the end result was a new authoritarianism under Louis XIV and then in the eighteenth century a “fatal union of Counter-Reformation Church and princely State.” It was a state of affairs only ended by the French Revolution, whose followers had been inspired to their religious fervor in part by Jean Jacques Rousseau, born to a Calvinist family in Geneva.

Trevor-Roper thus sees the rise of capitalism in three phases. From 1500 until 1620, Spain was still a “great world power,” Catholic south Germany was still “the industrial heart of Europe,” and Italy was “as rich and intellectually exciting as ever.” The period from 1620 to

83 Ibid., p. 38.
1660 was then one of widespread warfare and of revolutionary change across Europe. At the end “Spain and Italy have become backwaters, both economically and intellectually.” By 1700, “the dynamic centre” of Europe economically had shifted from the Catholic world to the Protestant world of England, Holland, and the cities of the Baltic. They were the centers of economic change through the eighteenth century – and in the nineteenth century it was still true that Protestantism “was the religion of progress,” economically and otherwise.84

Trevor-Roper writes that when France in the nineteenth century finally moved to abandon the legacy of the Counter-Reformation and to rejoin the modern world, it was “by becoming ‘Protestant’ – that is, [it was] by accepting the rule of a ‘Protestant’ elite and a ‘Protestant’ ideology which convulsed the French Church, alarmed French Catholics and brought papal thunderbolts from Rome – that France caught up, industrially, with those Protestant neighbors which, two centuries before, had outstripped it. Such empirical evidence of the nineteenth century cannot be overlooked.”85 It was not that there was anything intrinsic to the fact of being historically a Roman Catholic or a Protestant nation; indeed, theologically both Catholicism and Protestantism changed greatly over time to the extent that the Roman Catholic religion of 2000 is probably closer theologically to Luther and Calvin than the mainstream Protestantism of 2000 (think about the issue of abortion where Roman Catholics and old fashioned evangelical Protestants are now close allies). But in the seventeenth century the Catholic Church allied itself with the authoritarian trends in Europe, to the detriment of its economic, political and intellectual vitality for several centuries – until the Second Vatican Council of the 1960s.86

84 Ibid., 2, 4.
85 Ibid., pp. 3–4.
86 Trevor-Roper did not have the benefit of the recent Angus Maddison estimates of national incomes in western Europe from 1820 onward. In light of that data, Trevor-Roper’s economic history of France holds up on the whole but might have to be recast somewhat. As he suggested, Holland and England in 1820 had outstripped the rest of Europe economically, including France. But France already in 1820 had a similar income per capita to Protestant Switzerland, Germany and Sweden. Many countries in Europe, including Catholic France, then made progress in catching up with Holland and England in the nineteenth centuries. The leading exceptions were Catholic Italy and Spain which suffered significant relative economic declines that took them out of the economic mainstream of Europe by 1900. Unlike Italy and Spain, France started the nineteenth century in the European economic mainstream and remained there
When James II in the 1680s attempted to increase his royal powers, party by bringing back the Catholic Church in England, Englishmen of all stripes saw a mortal threat to their freedoms, ensuring in 1688 the easy triumph of William of Orange and the Glorious Revolution. In a study published in 1968, one year after Trevor-Roper’s analysis, another distinguished European historian, Herbert Luthy, similarly notes that the Protestant Reformation commenced “during a period of almost breathtaking growth in Europe” in all fields, economic and otherwise. If anything, the Reformation initially arose in opposition to these tendencies, hoping to restore an earlier Christianity that was not as compromised by the new political and economic forces as was the Roman Catholic Church. Luthy observes that “all the evidence advanced in favor of Weber’s thesis is taken from the eighteenth and nineteenth centuries,” a period when the Protestant religion was recasting itself and even abandoning many of the original Lutheran and Calvinist theological formulations. Luthy agrees with Trevor-Roper that in matters of religion it was instead “the Counter-Reformation, as an authoritarian and total reaction against all manifestations of the free heretical spirit, which stopped all further progress and which, after the spiritual and material catastrophes of the Wars of Religion, prevented a resumption of such progress wherever it had been triumphant.” Until the Counter Reformation, “progress had been common to all Europe” but in those Catholic regions where it came to dominate the cultural and religious life there followed “a sleep of death both economically and (even more) intellectually,” including, for example, “the astonishing absence of Catholic Germany from the rebirth of German philosophy and literature that followed the Thirty Years’ War.” As Luthy observes, even many Catholic historians have agreed on the “appalling break [that] the Counter Reformation was in the cultural history of Europe and how deadly was the shadow cast” intellectually and economically for those areas where it prevailed.

for the rest of the century. In 1900, although England had the highest income per capita in Europe, no one nation, Protestant or Catholic, could claim to be economically much better off than any other—although some were clearly inferior.

87 Herbert Luthy, “And once again: Calvinism and capitalism,” in Eisenstadt, ed., The Protestant ethic and modernization, pp. 95, 96.
13. The Case of Latin America

Many Latin Americans have been deeply puzzled by their very poor economic performance in comparison with their large Protestant neighbors to the north, the United States and Canada. A substantial body of Latin American literature has by now been created to address this question – why at the end of the twentieth century did almost every Latin American nation have an income per capita less than 30 percent of that of the United States? Latin Americans saw themselves in the nineteenth century as following in the footsteps of the United States – including having won their own wars of independence – and often modeled their constitutions and other political institutions after those of the United States. Later, they often encouraged American investment and otherwise sought to emulate the economic successes of the United States. The failure of essentially every Latin American nation in this regard would be a main contributing factor to the deep “love-hate” relationship that has long characterized Latin American views of the United States.  

Octavio Paz – The Mexican Octavio Paz was the Nobel prize winner in literature in 1990, a former Mexican ambassador to India, and in general one of the leading twentieth-century intellectuals of Latin America. In 1979, he authored an essay on “Mexico and the United States.” As Paz noted, there were large cultural differences between Mexico and the United States: “We are two distinct versions of Western civilization.” Paz had little doubt about the historic reasons for these differences: “The distinct and divergent attitudes of Spaniards and English … can be summed up in one fundamental difference, in which perhaps the dissimilar [political and economic] evolution of Mexico and the United States originated: in England the Reformation triumphed, whereas Spain was the champion of the Counter-Reformation.”  

These cultural differences carried over into areas which can have a large impact on national economic outcomes. As Paz noted, “for the society of New Spain [colonial Mexico], work did not redeem, and had no value in itself. Manual work was servile. The superior man neither worked nor traded. He made war, he commanded, he legislated.” In


the United States, a nation formed by a Protestant culture, it was much different: “For the Puritans and their heirs, work is redemptive because it frees man, and this liberation is a sign of God’s choice.” Paz sees in Puritanism a religion that promoted an individual relationship with God (individual justification “by faith alone”); an absence of any clerical hierarchy (a Protestant “priesthood of all believers”); a full worldly engagement in search of an earthly perfection of society; and a powerful internalized sense of ethical responsibility. In a later secular age, such a Protestant individualism and strong sense of personal responsibility would reappear as a religious commitment to the values of political democracy and open markets. As Paz comments, the foundations of political and economic successes in the United States were laid early in the nation’s history – “in the small religious communities of seventeenth-century New England [where] the future was already in bud: political democracy, capitalism, and social and economic development.”90

Without the same religious heritage, Mexicans could one day profess a dedication to open markets and democratic politics but the roots were shallow. The Catholic Church, as the sole hierarchical source of religious authority, imparted basic values that carried over to political and economic domains as well. As Paz notes, “the political centralism of the Spanish monarchy had religious orthodoxy as its complement, and even as its foundation.” The Spanish Catholicism of the Counter-Reformation, the form of Catholicism that reached colonial Mexico, taught an “orthodoxy [that] prevented examination and criticism” – and inevitably this extended to other areas of life, going well beyond religion.91 As Paz comments with respect to Mexico and the United States,

If one considers the historical evolution of the two societies, the main difference seems to be the following: the modern world began with the Reformation, which was the religious criticism of religion and the necessary antecedent of the Enlightenment; with the Counter-Reformation and Neo-Thomism, Spain and her possessions closed themselves to the modern world. … And so, though Spanish-American civilization is to be admired on many counts, it reminds one of a structure of great solidity – at once convent, fortress, and palace – built to last, not to change. In the long run, that construction became a confine, a prison.92

90 Ibid., pp. 364, 365, 371.
91 Ibid., pp. 367, 368.
92 Ibid., p. 369.
Claudio Veliz – A similar assessment was offered in 1994 by another distinguished Latin American writer, the Chilean Claudio Veliz. There had been throughout most of Latin America a long “economic malaise” that had been accompanied by a similarly lengthy and “perplexing failure to comprehend its causes.” It was not difficult to recognize “the somber saga of sterility, silliness, and irresponsibility that has for so many decades shaped a considerable portion of the economic arrangements of Latin America.” The real question was why Latin Americans had put up with it so long – why had they seemingly been unable to alter these dysfunctional arrangements for the better, despite at least two centuries of disappointing economic results.

In this regard, Veliz is disdainful of most Latin America economists and others who have produced innumerable studies which, “although seldom devoid of erudition and invariably enriched by good intentions,” have ended up as the “least effective [scholarly] undertaking ever engendered by public concern about the troubled circumstances of any major region of the world.” The basic problem was that it was necessary to focus on “a stubborn cultural circumstance” characteristic of Latin American nations that nevertheless had “proved beyond the capacity of the [mainstream economic] authors and their seminars and committees to comprehend.” As a starting point, similar to the views of Paz, it was necessary to understand that Latin American culture was inherited in large part from Spain and for Spain the “Counter-Reformation … became the greatest and most enduring achievement of her impressive imperial moment.” It was not just in the sixteenth and seventeenth centuries but the influence of the Spanish Counter-Reformation “largely dominates, even to this day, the lives of the Spanish-speaking peoples [in Latin America] almost as convincingly and pervasively as the dynamic asymmetries of the Industrial Revolution preside over the English-speaking world.”

Much like Paz, Veliz sees the Counter-Reformation as a “titanic endeavor … to arrest change” in Spain and to bring change in society “forever to a halt” in order that “all manner of stable, predictable, traditional arrangements” can be maintained. Nothing, however, could be

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94 Ibid., 179, 178, 53.
95 Ibid., p. 200.
more at odds with the workings of a free market. Under the normal workings of the market, one business after another will be failing, displacing owners, workers, and even whole communities. Indeed, lacking a powerful normative sanction to give it legitimacy, a free market – or even a modestly regulated market – is not likely to survive for long. In eighteenth and nineteenth century England, Protestant individualism – reworked to a secular form in the free market theories of Adam Smith – provided the requisite religious blessing. But in Spain, and in its Latin American colonies, reflecting the deeply conservative impulses of the Counter-Reformation, the core religious influence worked the other way.

As Veliz thus comments, “the cultural tradition of the Spanish-speaking peoples … proved unresponsive … to industrial capitalism” and their governments often sought to repress the market forces for change. Socialism, progressivism and other collectivist ideologies in this sense were not a force for modernization – as many of their leading advocates proclaimed – but a conservative movement to limit the extremely rapid pace of social transformation that free markets were bringing about. Reflecting a fear of an unknown market-driven future, those peoples in Spain and Latin America whose values were shaped by a Spanish colonial history “appear to be sheltered (imprisoned?) by a magnificent past, unable to come to terms with a disappointing present,” reflecting the inheritance of a Spanish Catholic culture that for centuries manifested “an overriding affection for persons rather than a respect for things; a reluctance to sever the cords of the safety net; … a distrust of novelty and, generally, a sturdy disinclination to step outside the dependable protection of the dome, even in this, our own century of modernity.”

Jose Ignacio Garcia Hamilton – In the early twentieth century Argentina was a large exception to the Latin American story. Indeed, it had an income per capita in 1910 equal to 80 percent of the United States – by far the highest in Latin America and comparable at the time to European nations such as France and Germany. But then stagnation set in, and from about 1930 the Argentine economy began a long and sharp decline in which it increasingly diverged from Europe and gradually converged with its Latin American neighbors. No other modern nation has ever suffered such a large falloff in relative economic status over such a long period. The loss of relative economic status in Argen-

96 Ibid., pp. 201, 202.
tina was most rapid in the 1980s, a period of great political turmoil and economic disappointment.

The citizens of Argentina have both been surprised by their economic failures of the twentieth century and at times have been at a loss to understand just how and why such events could ever have occurred. Indeed, as two leading experts on the Argentine economy commented recently, the nation’s economic experience “has long presented a puzzle. ... The puzzle is straightforward: how could a country that was once one of the richest in the world now be placed so poorly?”

Argentina’s unique economic history has attracted attention from economists around the world. Most have fared poorly, however, in explaining the results. This is partly because economists have long been trained professionally to focus on narrowly economic variables and to consider matters of politics and culture as lying in a separate domain – the professional subject area for other social scientists such as political scientists and sociologists. Argentina’s severe economic problems, however, are not the result of some peculiar set of national policy decisions involving a set of strictly economic variables. Rather, they are the result of a highly uncertain and often very unfavorable political environment for business investment, resulting from Argentine national failures extending over many decades. Between 1930 and 1983, Argentina experienced 9 coup d’etats, military rule for 22 years, and in between mostly vulnerable and unstable civilian regimes. For much of this time there was economic mismanagement, matched by large blunders in other areas of governmental concern as well.

As a distinguished Argentine journalist, economic historian, and social critic, Jose Ignacio Garcia Hamilton accepts no limits on the explanatory factors he can explore. Indeed, Hamilton looks to politics and culture to explain the economic woes of Argentina and other Latin American nations. He is particularly concerned to understand the roots of a Latin American tendency towards failed democracies and the substitution of incompetent “authoritarian” governments in their place. In searching for explanations, Hamilton offers answers in basic agreement

with Paz and Veliz in finding that the Spanish Catholic heritage of Latin America has played a critical role.  

As Hamilton (himself a Catholic) comments, “the Roman Church tells us, Catholics, that we must seek salvation within the institution. The phrase extra ecclesiam, nulla salus (outside of the Church there is no salvation) clearly sums up this concept.” As a matter of religious upbringing, then, we “Catholics get used to depending on [Church] authority for taking important decisions – or even small ones. In our childhood seeing a film, for instance, depended on the opinion of the priest, the Bishop, or the Religious Commission for Film Qualification.” By contrast, the members of Protestant churches “are given the Bible where they themselves must find the truth and the guidelines for their own conduct.” As a result, Protestantism instills an attitude of individual questioning and responsibility for religious truth among the faithful; the Protestant faithful “acquire maturity … and get used to independence, freedom and the assumption of their duties and obligations.” These religious attitudes have then been carried over to secular domains such as the manner of individual participation in politics, providing a fertile ground for the practice of democracy.

Another personality trait widely observed in Argentina society – and in other Latin American countries – is a tendency to oscillate between acts of submissiveness and outbreaks of rebelliousness in dealing with authority. Hamilton considers that “whereas for Protestants dissent is natural, for Catholics it implies strain, tension to overcome the corset of rules which weighs them down.” When they break loose, they go to the other extreme. For “Catholics [they normally] must seek or confirm their truth in an external, superior authority rather than in their own reflection or intimate decision.” But this did little to advance a “collective

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98 It should be noted that in the case of Argentina it differs from other Latin American nations, among other things, in the very large number of Italian immigrants. From 1860 to 1930, about half of all immigrants came from Italy (many from southern Italy), significantly altering the demographic composition of the Argentine population. Hence, since the early twentieth century it has been more accurate to speak of Argentine Catholicism as a blend increasingly of Italian with the previously dominant Spanish Catholic heritage. Also unlike many other Latin American countries, there is no remaining significant presence in Argentina of the original native American populations.

sense of responsibility” that “usually arises from free thinking.” A well-functioning democracy, however, depended on just such a strong sense of individual responsibility among the general populace for the well-being of the whole society, something in short supply in Argentine and Latin American culture.

Hence, as Hamilton concluded, Argentina’s political and cultural problems, and hence its economic problems as well, reflected a Catholic personality type that was less suitable as a cultural basis for a democratic system of government and for the maintenance of market freedoms. Growing up in an Argentine Catholic household, Hamilton noted “how many times …we … end up saying: ‘I’ll do it, anyway I can confess later,’ using a psychological mechanism which consists in avoiding responsibility, and, simultaneously transfer our guilt outside ourselves.” A social dynamic was at work in Latin American countries that had too often produced a politically and socially self-destructive set of attitudes among the population:

Sometimes when we are intimidated with so many restrictions and rules, we rebel violently and totally ignore order. One way or another, responsibility is non-existent. Either we secretly reject an internal set of rules, or we break it openly and violently. Be it as it may, it is an indifferent and hostile attitude towards an order that intimately does not belong to us, which is not really ours.

Lack of responsibility is often seen at humbler levels. We, Latin Americans, for instance, think that cities should be clean, but we also think that it is the Government’s job to clean them and we, as citizens, have no responsibility at all. As a rule, all is State responsibility, while we, citizens, have no duties whatsoever. And as everything must come from outside, from superior spheres, we also expect salvation more than solutions.

Salvation … is someone else’s task, which does not demand work but luck or God’s intervention. … Salvation is external and infallible, because it is

100 Ibid.
101 In Argentina, reflecting the large number of Italian immigrants, this may also have significantly reflected a southern Italian Catholic influence. In The Moral Basis of a Backward Society, former Harvard political scientist Edward Banfield found a culture of “amoral familialism” in a southern Italian town he studied. The citizens of the town showed a strong sense of loyalty within their own family but felt little sense of responsibility to society outside their family circle. See Edward Banfield, The Moral Basis of a Backward Society (New York: Free Press, 1958).
102 Ibid.
magic or it comes from extrasensorial worlds. … What is the use then of effort and responsibility?\textsuperscript{103}

14. The Case of the United States

To the north of Latin America is the United States, the common object of Latin American observation and comparison. As much as any nation, the United States was until the twentieth century a Protestant nation. In 1750, there were 465 Congregational Churches (the leading Calvinist church then in the United States) and even 250 Quaker churches but the 30 Roman Catholic churches represented only a tiny presence. By 1850, the United States had experienced a massive wave of German immigration and its Lutheran churches numbered 16,403. There were now also 13,280 Methodist churches (an outgrowth of the proselytizing efforts of John Wesley in England in the eighteenth century) but still only 1,221 Catholic churches in total.\textsuperscript{104} The first – and so far only – Catholic to be elected President was John F. Kennedy in 1960.

The early Protestants came to the United States in four great waves, three of them driven by religious persecution in England. The first large group came in the 1630\textsuperscript{s}, Puritans who fled to Massachusetts to escape the attacks on their faith of King Charles I. As the Puritans in England gained strength in the 1840\textsuperscript{s}, culminating in the Puritan Revolution, pressures to emigrate declined. It was then the turn of the Anglicans to flee from Puritan persecutions in the 1650\textsuperscript{s}, many of them of high social standing in England who became the new aristocracy of Virginia. As followers in a new and seemingly radical religion, Quakers were often harshly suppressed in England, and fled in large numbers to the Delaware valley (including the current state of Pennsylvania) from 1675 to 1725. The fourth great Protestant emigration from 1725 to 1775 was driven by economic rather than religious motivations, the Scotch-Irish poor who came from Northern Ireland, Scotland and the northern border areas of England, and who populated the Appalachian frontier of America in the eighteenth century.

A leading American historian, David Hackett Fischer of Brandeis University, has documented the central role that these four Protestant

\textsuperscript{103} Ibid.

groups played in early American history. In Albion’s Seed: Four British Folkways in America, Fischer describes over more than 900 pages the specific religious beliefs, family practices, political organization, economic activities, and many other elements of what he sees as four distinct Protestant American cultures. As Fischer writes with respect to these cultures, down to the present “strong echoes … may still be heard in the major dialects of American speech, in the regional patterns of American life, in the complex dynamics of American politics, and in the continuing conflict between four different ideas of freedom in the United States.” Americans inherited the British suspicion of power in government and the strong commitment to maintaining their liberties, channeling it in their own ways that reflected the different circumstances of the new world. Fischer concludes that the interplay of the four Protestant cultures in the United States “created an expansive pluralism which is more libertarian than any unitary culture alone could be.” The Protestant legacy “in early America remains the most powerful determinant of a voluntary society in the United States [even] today.”

The instigators of the American Revolution, following in the path of their Puritan forbearers in seventeenth century England, were the Massachusetts heirs to the Puritan tradition. Most of the fighting for the first two years of the Revolution occurred in Massachusetts where the English were resoundingly defeated. The fighting then shifted to the middle Atlantic colonies where the American forces were led by George Washington, a descendant of John Washington who came to Virginia in 1657 after his father (an Oxford-trained Anglican clergyman) had been “removed from his living by the Puritans.” The last stages of the war brought the Scotch Irish into the conflict where their historically violent culture and patriotic attitudes also made for an effective fighting force. (Of the four major Protestant groups, the Quakers – who commonly rejected violence – were the only ones not to play a large role in the success of the American Revolution.) Absent the Protestant Reformation, in short, the patterns and timing of settlement of North America, and the course of its history, including even the very creation of the United States, would have inevitably taken a much different course.

Of the four groups, the Massachusetts Puritans had the most enduring influence on American history – rivaled by the Virginia Anglicans

105 Ibid., p. 6–7.
106 Ibid., p. 214.
until the U.S. Civil War, but thereafter marginalized by the exclusion of the South from the American mainstream for a full century. The political, economic, and indeed virtually every aspect of life in Puritan Massachusetts in the seventeenth century was shaped by religion. It is difficult today for many people to grasp the defining role played by Christian religion in western civilization until the Enlightenment (it might help to analogize the current role of “science” to the role of “religion” in times past). As Fischer writes, the true goal of the Massachusetts Puritans was a “Bible Commonwealth” that would be a “Calvinist utopia,” not only satisfying their own local needs but giving wider testimony to the glory of God, shining a beacon for all mankind to follow. Other groups throughout history may also have professed very high ideals but it mattered more in Massachusetts because the residents were “staunch Calvinists” and for them “Puritanism was a form of social striving which labored obsessively to close the gap between ideals and actuality.”

Fischer summarizes the Massachusetts Puritan theology in “five words: depravity, covenant, election, grace, and love.” The Puritan understanding of covenant and election were of special importance for economic matters. The Puritans “thought of their relationship with God (and one another) as a web of contracts,” an approach to life easily extended to commercial affairs. Following the “doctrine of limited atonement,” the Puritans believed that only “a chosen few” were among the elect, as chosen in advance by God, a “Calvinist creed” that entered deep into the soul of New England.” As Weber had observed with respect to Calvinism in Europe, such a theology fostered an anxious concern for one’s fate in the hereafter and for any possible signs of being among the few that would be saved. Fischer similarly describes the Massachusetts brand of Calvinism as “one of the most harsh and painful creeds that believing Christians have ever inflicted upon themselves.” For example, “the people of Massachusetts were trained by their ministers never to be entirely confident of their own salvation” – and any such confidence ironically was “one of the surest signs that one was not saved.” A good Puritan could never entirely escape this dire


108 Fischer, Albion’s Seed, pp. 50, 52, 22, 85.
condition – a lifelong existence of ceaseless “wild swings of hope and despair” – but could at least seek relief from the stresses of the world in a life of hard labor and the pursuit of a calling that reflected “a spirit of restless striving for assurance” of being among the few elect.109

Fischer observes that in itself “the Puritan ethic was very far from the spirit of capitalism.” The Puritans “did not glorify ‘capitalist enterprise’ – two terms which they would not have approved or even understood.” If Puritan theology set the stage in Massachusetts for the rise of a modern economic world, it was as an unintended accident. The powerful Puritan “ethic of work” was not intended to promote business success but in practice it had this consequence. One economic historian observed that the “New Englanders became the Dutch of England’s empire.”110 As Fischer elaborates,

The structure of New England’s carrying trade was similar in its structure and social function to that which developed on the borders of the North Sea, both in the Netherlands and in the East of England. The combination of mixed agriculture, small villages, and a high level of commercial activity were much the same in East Anglia and Massachusetts. So also was the combination of interior farming villages, and very small seaports that sprang up as thickly in New England as in the Thames estuary and the seacoast of East Anglian coast. In Massachusetts, this economic system was fully developed by the mid-seventeenth century. Thereafter, for many generations it changed mainly by becoming more elaborately the same. Historian Bernard Bailyn concludes that “the character of the economic system as it emerged in this period remained essentially the same until just before the American Revolution.”

If all this fits well with the Weber thesis, Fischer adds some complications. The Quaker variant of Protestant culture, for example, also worked powerfully to promote economic success. In England, as Fischer reports, “Quakers played a role far beyond their numbers in the industrial revolution. The great banking houses of England were those of Quakers.” Much of the early industrial heartland of the United States would be found in Pennsylvania and parts of New Jersey and Delaware, areas originally settled largely by Quakers. In a whole variety of ways, as Fischer observes, American Quakers “provided an ethical and cultural

110 Ibid., pp. 157, 156, 155.
111 Ibid., p. 155.
environment which strongly supported industrial and capitalist development.”

This was partly because the Quakers believed in a life of “extreme austerity. The Quakers, more than any major Protestant denomination, fostered a style of life which Max Weber called worldly asceticism – the idea of living in the world but not of it. Work itself became a sacrament, and idleness a deadly sin.” The Quakers also believed that “wealth was not to be consumed in opulent display, but rather to be saved, invested, turned to constructive purposes. Restraints were placed on indulgence.” While similar beliefs were also found in Puritan Massachusetts, “the most extended form … was found not among the Puritans with whom it is often associated but among the Quakers.”

Quaker theology, however, differed radically in many areas from Calvinist theology. The Quakers believed that, in principle, all people could be saved. Fischer comments that the Quakers “repudiated the Five Points of Calvinism.” Quakers worshipped “a God of Love and Light whose benevolent spirit harmonized the universe.” In contrast here again to the Puritans, the Quakers “always maintained an official hostility to formal doctrine and never required subscription to a creed.” The Quakers formed tight communities of true believers but, unlike the Puritans, were tolerant of religious diversity in their midst – there were no witch-hunts or persecutions of heretics where Quakers ruled.

There was one important commonality between Puritans and Quakers, however, and this may have been more important for economic matters than the many other large theological differences. The Quakers believe in “the idea of serving God with one’s best talents.” Fischer observes that “this idea had developed from Martin Luther’s concept of the calling (beruf), which had an important place in the cultural thinking of many Protestant denominations. It was exceptionally strong among the Quakers.”

As illustrated by the Quakers, Protestantism thus could in multiple ways encourage hard work, dedication to a cause, rebellion against state authority, a fierce independence of mind, the ability to read the Bible, and other traits conducive to a democratic political system and an open market economy. In Albion’s Seed, Fischer provides a wealth

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112 Ibid., p. 558.
113 Ibid., p. 556.
114 Ibid., pp. 426, 555.
of detail concerning the powerful shaping influences of the four Protestant cultures of North America, not only in economic matters but many other areas – influences that, while diminished, have still not disappeared even in the early years of the twenty-first century. His purpose is in part to refute what he sees as a mindless economic determinism that dominated so much of the thought of the twentieth century. As Fischer explains, he is searching “for a way beyond reductive materialist models (of both the left and the right).” He does not deny “the importance of material factors in history” but in the broader picture “they are only part of a larger whole, and that claims for their priority are rarely grounded in empirical fact.”115 The reductionist materialism of the twentieth century was in truth closer to a religion than to a science.

Fischer does not merely assert the need for a broader perspective but goes on to demonstrate it, drawing on a vast array of past American historical scholarship. As he shows, it is the force of American Protestant religion in its various forms that goes far to “explain the origins and stability of a social system which for [the past] two centuries has remained stubbornly democratic in its politics, capitalist in its economy, libertarian in its laws, individualist in its society and pluralist in its culture.”116 The United States has been a quintessentially Protestant nation. Seen in the full light of the American experience, Weber’s thesis requires various refinements and addendums, but in his emphasis on the powerful shaping force of religion in economic history he was on the whole correct.

15. Conclusion

As Table 1 above showed, the large economic gap between Protestant and Catholic nations could still be found in Europe as recently as 1960 but had largely disappeared by 2000. Several factors seem to be at work. The Second Vatican Council brought about a long awaited reconciliation of the Roman Catholic Church with the modern world. Reflecting his unhappy exposure to communism in his native Poland, Pope John Paul II looked more favorably on democracy and open markets than most of his predecessors. Protestant Europe had gone through a similar accommodation to modern trends much earlier. Thus, by the end of the twentieth century both Protestantism and Catholicism had

115 Ibid., p. x.
116 Ibid., p. 4.
made their peace with science and the modern age, reducing the religious differences – and the resulting economic consequences – between them. Perhaps not unrelated, both were also experiencing a sharp falloff in church membership and attendance, as a common secular culture increasingly challenged the traditional institutional roles of Christianity throughout Europe, including even Spain, Ireland, and other former European bastions of traditional Catholic faith.

An equally important factor in the economic convergence of Europe was the rise of the European Union, the most successful attempt to unify Europe since the medieval Roman Catholic Church. The EU is also held together by a religion, in this case a form of secular economic faith. Although it owes much to the Christian heritage of Europe, this faith seeks a new heaven on earth – reached along a path of economic progress – instead of a heaven in the hereafter. Indeed, Walter Meads speaks of the rise of a new secular “fourth faith” in Europe (and elsewhere around the world) that is a successor in the line of the three earlier Abrahamic religions of Judaism, Christianity and Islam.

Perhaps, as one might say, the new and most vital “church” of Europe may now be the European Union. Even Catholic Europe looks increasingly to Brussels rather than to Rome for guidance in political and economic matters. Every member nation of the EU must maintain a free democratic political system and keep its markets open to competitors from all over Europe. In this respect, while the discourse of the EU is conducted in a secular language, it may be said to have brought about a significant “Protestantization” of all of Europe. It was Protestantism, and above all Calvinism, that paved the way for modern political and economic freedoms.

It took the genius of a Max Weber to keep alive in the twentieth century – a time in which economic explanations of history reigned supreme – the idea that religion is also a large explanatory force in its own right. Whatever the validity of the specific criticisms of Weber over the

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117 One at least suggestive piece of evidence in this respect is that in the Americas the economic gap between the Protestant North and the Catholic south remained large even in 2000. Movements toward economic union in the Americas were less successful and intruded less on the traditional political independence of the individual nation states.


past century, he was surely correct in this larger perspective. We are in his debt.