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Religion and Economic Development :
An Idea Whose Time Has Gone?

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Abstract

Max Weber's *The Protestant Ethic and the Spirit of Capitalism* is one of the greatest sociological classics of all time, known outside sociology and even outside the social sciences. Its main thesis has been favorably endorsed by most sociologists, and is often taken to be an established part of sociological knowledge – as axiomatic. Yet the thesis suffers from serious problems. This article reviews the main criticisms of the Weber thesis and shows that it is both logically specious and contradicted by recent empirical evidence. More recent efforts to link religion and capitalist development, such as the role of Christianity more generally, or Buddhist influences on capitalist development in Japan, have not been rigorously tested and, in fact, may be impossible to test in any sort of definitive way. Theories linking religion and economic development have yet to bear scientific fruit, which may be because such theories are ill-conceived from the very start.

Max Weber's *The Protestant Ethic and the Spirit of Capitalism*, originally published in 1904, is one of the most celebrated books in the entire history of sociology and is well known in a number of other social science fields, in schools of business, and even among the educated public.¹⁾ The thesis has been both severely criticized and strongly defended, but it is probably fair to say that most sociologists generally endorse its overall conclusion: that the Protestant ethic that emerged from the Reformation played a significant role in stimulating the development of capitalism in Europe. Most general sociology textbooks that discuss the thesis endorse it. It is considered one of sociology's shining examples of an important theoretical contribution to understanding social life.

And one can go further: The thesis has been so highly regarded that it has been extended beyond its own boundaries. Robert Bellah (1957) extended it to Japan, claiming that there was a Japanese religious ethic that closely resembled the Protestant ethic and that played an important

role in the development of Japanese capitalism. More recently, Randall Collins (1997) has developed an even bolder version of the thesis, claiming that the Buddhist monasteries in Japan as early as the twelfth and thirteenth centuries contributed in a very important way to Japanese capitalism. Although this argument flies in the face of Weber's own argument – as is very well known, Weber argued that Buddhism *inhibited* economic development – Collins claims that it is consistent with other assertions made by Weber.

Other efforts to link religion to economic development come from Michael Mann (1986) and Rodney Stark (2005). Their focus is on Christianity more generally. In fact, Stark is a vigorous critic of the Protestant Ethic thesis. For him, even from its earliest days and long before the Protestant Reformation, Christian doctrines promoted a strong belief in rationally understanding the world and in progress. It was the main reason why capitalism developed earlier and much more extensively in Europe than in other parts of the world. Moreover, it promoted not only capitalist development, but science and liberty, and thus was an important foundation for European modernity.

The Protestant Ethic thesis is still widely endorsed by sociologists, but more as an article of faith than as an empirically well-supported theory. This article assesses the thesis by reviewing the main lines of evidence that bear on it. To anticipate the argument, it is claimed that the thesis is contradicted by several main lines of evidence. It is seriously flawed, as are the extensions of it to Japan by Bellah and Collins. The arguments of Mann and Stark linking capitalism to Christianity more generally are more plausible, but evidence brought to bear on these arguments is largely circumstantial and difficult to evaluate. It remains an interesting, but as yet inconclusively demonstrated, thesis.

Protestant and Capitalism: Early Criticisms

The Protestant Ethic appeared originally in German, not as a book but as a very long journal article, and was first translated into English by Talcott Parsons in 1930. The criticisms began, however, even before it became available in English. These early criticisms, made by some very prominent scholars, are still worth considering, so let us review them by way of considering the major categories into which they fall.

1. *Protestantism was not an important cause of Western capitalism because both capitalism and the "capitalist spirit" existed long before the Reformation.* The economic historian Kurt Samuelsson (1957) pointed out that the essence and spirit of capitalism existed in the Italian city-states during the Renaissance and in the textile and mining industries elsewhere

in Europe long before new ideas about economics could have brought about changes in economic behavior (cf. Fanfani, 1935; Tawney, 1926). Samuelsson noted that strong tendencies toward economic expansion existed in the Netherlands and England before the Reformation. Catholic Portugal was involved in the great expansion of the fifteenth and sixteenth centuries, and Catholic Belgium was the first country to industrialize after England.

2. *Protestantism was not favorable to the development of capitalism.* Werner Sombart (1915) claimed that Protestantism was actually incompatible with capitalism, reasoning that capitalism as a worldly or secular phenomenon did not fit at all with the religious beliefs of Protestants. Lutheranism and Calvinism, he claimed, were in fact hostile to capitalism and impeded rather than promoted its development. Puritan teachers were opposed to the kind of economic activity represented by capitalism, such as unscrupulous money-getting and free competition.

Samuelsson (1957) argued that the kind of economics that was preached by early Protestants was not the free-for-all capitalism that came to characterize the industrializing countries in the eighteenth and nineteenth centuries, but the business activity of a world of small traders. Samuelsson gave special attention to Benjamin Franklin. Franklin, Samuelsson asserted, was really a product of highly secularized Enlightenment ideas, not Calvinism or any other religion. Since Franklin was Weber's leading exemplar of the "capitalistic spirit," the fact that he was for the most part emancipated from religion and influenced by sources largely outside religious teachings is especially damaging for the thesis. Samuelsson also pointed to several of the leading "captains of industry" as having been little influenced by religious ideas. Andrew Carnegie was antireligious, actually detesting religious creeds, and Cornelius Vanderbilt and John Jacob Astor were largely unfamiliar with religious ideas.

J. Milton Yinger (1957) focused in particular on Richard Baxter, a Puritan religious leader cited frequently by Weber. Although Baxter did not condemn wealth, he stressed its dangers. In reference to the poor, Baxter asked them to be patient and to seek their reward in the next world while accepting their position in this one. According to Yinger, this marked a strong emphasis on the traditional element in his preaching, which "is a long way from giving the dynamic impetus to the capitalistic spirit that Weber held was in the Protestant Ethic" (1957 : 534).

3. *Protestantism and capitalism were causally related, but in the opposite way from that argued by Weber – capitalist development was a cause of Protestantism.* This idea was proposed by Sombart, by H. M. Robertson (1935), and by R. H. Tawney (1926). Robertson argued that Puritan doctrines in the seventeenth and eighteenth centuries involved nothing exceptional

and were shared by Catholics. He wrote that “the chief relation between the rise of the capitalistic spirit and the Protestant ethic is the reverse of what Weber has indicated. The Protestant Ethic changed as the result of the influence of a rising capitalistically minded middle class” (1935 : 32). Capitalism created its own “spirit” and the churches accommodated themselves to it. Similarly, Tawney saw Protestant teachings being altered so as to become more accepting of capitalist enterprise. However, Tawney was somewhat more nuanced than Robertson. He argued that as religion became more favorably disposed toward capitalism in the sixteenth and seventeenth centuries, the altered religious ideas then helped to create even more capitalist expansion. In the end Tawney saw a two-way rather than a one-way relationship between Protestantism and capitalism.

Samuelsson argued that, even if a historical and sociological correlation between Protestantism and economic progress could be shown to have existed, it is just as plausible to regard developing capitalism as a cause of changes in religious ideas, i.e., “of prosperous countries becoming Protestant” (1957 : 96).

4. *Protestantism and capitalism were related, not by the causal influence of the former on the latter, but rather merely by way of Protestants accommodating themselves to the new economic activity.* Samuelsson (1957) argued that the Calvinist Church fathers did not encourage economic pursuit but merely acquiesced in discussing economic matters. They felt that economic activity need not be abhorrent if pursued in the right spirit and manner. The prophets of the Reformed Church were not out to give lessons in economics, but to satisfy the classes – especially merchants and other businessmen – that these movements were seeking to win over. Yinger (1957) stressed that Richard Baxter modified his teachings just enough to integrate the businessmen into the church. Calvinism, Yinger pointed out, changed considerably over time so as to make religious teachings more compatible with capitalism, and thus one “finds nothing surprising about the harmony between the spirit of capitalism and Calvinist ethics” (Yinger, 1957 : 535).

5. *There were empirical inaccuracies in the claims of the thesis.* The ideas of diligence and thrift were a key part of Weber’s argument, for Protestantism was said to promote the capitalistic spirit by inculcating these habits. Samuelsson claimed, however, that these virtues were preached not only from Protestant pulpits, but in Catholic France, Switzerland, and the Netherlands as well. The evils of being idle and unprofitable were stressed in England prior to the Reformation, and hatred of idleness was even stronger in France. There is no clear evidence that diligence and thrift were practiced more in one place than in another.

Moreover, Samuelsson contended that those persons and classes in the most economically advanced countries who were representative of the kind of economic activity under consideration were not characterized by thrift in its Puritan sense. As he put it (1957 : 84), “Rockefeller and Carnegie are often instanced as examples of an almost morbid thriftiness. Yet the effective role of this trait – when it existed at all – was surely negligible. The great palaces, the princely courts with which such seigneurs surrounded themselves must not be obscured by the vision of the frugal meals or turned suits they may have affected.”

Samuelsson also thought that the idea of a close relationship between thrift and large-scale amassing of wealth was dubious. Thrift was not a principal way of amassing capital. It might have been a factor, but by itself was insufficient. Generally speaking, all great fortunes have been built up at tremendous speed due to spending, not saving. Furthermore, “In the real world, capital formation by individuals, the accumulation of large fortunes, and the concentration of economic power all occur through a variety of different media, and virtuous work and assiduous saving are clearly among the less usual and less effective of these” (1957 : 87).

Samuelsson also pointed to another inaccuracy. Weber gave particular attention to a 1901 study by Martin Offenbacher which claimed to have established that Protestant high school students were more likely than Catholic students to study subjects highly suitable for future entrepreneurs. Samuelsson examined Offenbacher’s data more closely and found that his thesis did not really show what it claimed to show. If Protestants were overrepresented in certain high schools or certain subjects, this was simply because they were also overrepresented in the general population of that town or region. For example 52 percent of the students in the *Realgymnasien* in 1895–96 were Protestant, but the population of the districts in which this school was located was approximately 55 percent Protestant. Samuelsson concluded that “school by school and district by district it appears that the proportions of school children classified by religious faith are almost exactly the same as the corresponding proportion of the total populations of the appropriate district” (1957 : 141).

Protestantism and Capitalism: Later Criticisms

A major argument of this paper is that there is no logical reason to presume a causal connection between religion and economic development. This view is shared by Immanuel Wallerstein (1974) and Janet Abu-Lughod (1989). Wallerstein is the father of the “world-system” school of sociological analysis, which traces the development of capitalism as an expanding and evolving intersocietal system over approximately the past 500 years. As a type of historical

materialist, Wallerstein is highly skeptical of seeing capitalist development as guided by religion. Like Tawney and other early critics of the Weber thesis, Wallerstein contends that any connection between religion and economics is likely to be one in which the latter is cause and the former effect. As he puts it (1974 : 152–53; emphasis added):

By a series of intellectually accidental historical developments, Protestantism became identified to a large extent in the period of the Reformation with the forces favoring the expansion of commercial capitalism within the framework of strong national states, and with the countries in which these forces were dominant. Thus when such forces lost out in Poland, or Spain, or “Italy” or Hungary, Protestantism declined too and often rapidly. The factors which favored the expansion of export agriculture favored the reassertion of Catholicism.

Janet Abu-Lughod (1989) accepts much of Wallerstein’s world-system framework but contends that there was an earlier world-system that helped to form the basis for Wallerstein’s world-system. This earlier world-system existed between 1250 and 1350 CE and contained eight subsystems extending all over the Old World. Of this early world-system she makes the following statement extremely pertinent to the religion-economics connection (1989 : 354–55; emphasis added):

What is noteworthy in the world system of the thirteenth century is that a wide variety of cultural systems coexisted and cooperated, and that societies organized very differently from those in the west dominated the system. *Christianity, Buddhism, Confucianism, Islam, Zoroastrianism, and numerous other smaller sects often dismissed as “pagan” all seem to have permitted and indeed facilitated lively commerce, production, exchange, risk taking, and the like. And among these Christianity played a relatively insignificant role.*

Just as Abu-Lughod wants to start earlier than Wallerstein, Andre Gunder Frank and Barry Gills (Frank, 1990; Gills and Frank, 1991) want to start earlier than Abu-Lughod – much earlier. Frank and Gills argue that a world system with much capitalism in it has existed throughout much of the world since the rise of the first civilizations and states some 5,000 years ago. There were numerous instances of ancient capitalism, and these had a surprising amount of rationality in them. Production was often carried out on a large scale, with large warehouses full of goods;

price-setting markets existed, as did merchant middlemen; and considerable economic planning occurred. Profit maximization was a central goal, as was capital accumulation.

Moreover, this early capitalism continued to develop over the millennia. Trade networks expanded, became increasingly global, and deepened. Commercialism became more and more important as a form of economic action. For Frank and Gills, the capitalist development after the sixteenth century was largely a quantitative extension of a very long-term process. They make an excellent case empirically. The fact that capitalism existed in such early times, despite the low status in which merchants were held by landed aristocratic classes and governments, and the fact that it was able to expand considerably over thousands of years, is an extremely important phenomenon when it comes to assessing the role of religion in economic development. Capitalism existed and expanded before there were any monotheistic religions at all, let alone Protestant Christianity, and even before religions and politics became highly differentiated.

Recent Empirical Tests

Qualitative Tests

In an important article, Jere Cohen (1980) challenged the Weber thesis by pointing out that a vigorous form of rational capitalism existed in Renaissance Italy long before the Reformation. Samuelsson, of course, made this point some time before Cohen, but Cohen has developed it in more detail. Cohen notes that there were key centers of commerce in Venice, Genoa, Rome, Pisa, Florence, Siena, Prato, and Lucca. Hundreds of mercantile companies existed, and industry was organized capitalistically. Wealthy merchants, such as the famous Medici, were greatly respected and shared in political power. Banking and money lending were of great importance.

But was all this Weber's modern *rational* capitalism? Yes, indeed, says Cohen. Firms were organized along lines of economic rationality and were often bureaucratic. Officials and laborers were heavily supervised and disciplined and many efficiency techniques were used. The "spirit of rational calculation" was very much in evidence, Cohen claims, with new accounting techniques and a well-developed legal system:

The Italians invented bookkeeping, double-entry, commercial law, and marine insurance [and] other countries, including Calvinist Holland and England as well as Catholic Portugal and Spain, obtained these techniques only insofar as they learned and copied Italian techniques. The Fuggers and the Welsers brought capitalist patterns to Germany from Venice, where they were educated. German merchants customarily visited Italy to learn

bookkeeping and commercial accounting (1980 : 1349).

In a recent book Cohen (2002) has carried out the heroic task of breaking the Weber thesis down into thirty-one separate propositions and empirically testing them all. Cohen concentrates on Puritanism because it was the branch of Protestantism Weber thought was most closely linked to the spirit of capitalism. His data were drawn from the teachings of Puritan clergymen in seventeenth-century England, from doctrinal teachings, and from the diaries of Puritans (both merchants and non-merchants).

Cohen found some of the thirty-one propositions to be supported, but usually weakly and in a qualified way. Most failed to hold up empirically. Cohen grouped the propositions into nine categories and drew the following general conclusions:

Hypothesis I: The Work Ethic. There is qualified support for the existence of a specifically Protestant work ethic.

- Puritanism did help introduce the work ethic into Western culture.
- Puritanism did stress, and quite vigorously, diligent effort in one's calling; however, Puritan norms did not stress that one had to work as hard as possible.
- Work was regarded as a duty to God.
- Puritanism was more inner-worldly than other religions, but its other-worldly nature was nonetheless stronger. Work had to be restricted to give proper emphasis to religious worship.
- Economically overcommitted individuals tended to find that religion eventually worked to get them to reduce the scale of their business commitments.

Hypothesis II: Savings and Investment. Qualified support for this hypothesis was found.

- Savings and investment did help Puritans expand their capitalist activities. However, they did so only moderately, and Puritanism forbade miserliness and extreme asceticism.
- Puritans were required to provide for the poor, and thus not all of their savings was reinvested in their businesses.

Hypothesis III: The Spirit of Capitalism. No support for the notion of a "spirit of capitalism" as proposed by Weber was found. Weber's leading example of the capitalist spirit, Benjamin Franklin, did not in fact display it, nor did the other Puritan merchants who were studied. Moreover:

- Even if businessmen imbued with the capitalist spirit could have been found, the spirit would have had only a partial affinity with Puritanism. Puritanism was opposed to making wealth a central goal of life or an end in itself, and thus the psychological drive to earn for

the sake of earning did not derive from Puritanism.

- Puritanism's suspicion of profit-seeking put it at considerable remove from any capitalist spirit, and Puritan business ethics were inconsistent with any calculative spirit.
- Some Puritan merchants found their work a burden, and earning profit was merely intended to meet material needs.
- The duty to grow rich was weakly developed in most Puritans – much too weak to promote a capitalist spirit.

Hypothesis IV: The Rationalization of Life. This hypothesis did not receive support. Capitalism did need a class of individuals who were disciplined and calculating, but it does not appear that Puritanism was responsible for producing these traits.

- Puritan merchants were not especially rational in the way they organized and conducted their businesses.
- Puritanism was not as ascetic as Weber thought, and the personalities it produced were not as rational and disciplined as he imagined.
- Discipline in business was not considered especially important in order to gain salvation.
- Puritans remained traditional in their business outlook, and the most pious Puritans had strong moral objections to the most profitable business techniques.
- An important Puritan ideal was to be content with one's situation in life, and this served to restrict profit-seeking economic activity. Puritans were often taught not to be concerned with profits or business success.

Hypothesis V: Wealth and Profit. This hypothesis was not well supported because Puritans had mixed feelings about wealth and economic gain.

- Wealth was considered potentially dangerous because it promoted pride and worldliness, and even irreligiousness. A wealthy man had difficulty gaining salvation.
- Wealth could be a blessing from God, but it could also be a trap set by God to expose wickedness.
- Puritans expressed ambivalence toward acquisitiveness. Any encouragement of it was always qualified and tempered. It was a sin to seek wealth as an end in itself or for worldly reasons.

Hypothesis VI: The Legitimation of Capitalism. Puritanism did play some role in the legitimation of capitalism, but capitalism's legitimacy was made primarily on secular grounds. Thus there was no real support for this hypothesis.

- An individual's following a single line of work was accepted long before Puritanism came on the scene, and Puritanism was not necessary to the legitimation of a calling.

- Long before the Reformation successful merchants and industrialists were highly respected and often prominent citizens.
- Puritans operated according to the market, but they opposed charging “whatever the market would bear.” The dictates of the market had to be subordinated to charity and brotherhood, and it was considered morally wrong for businessmen to enrich themselves by exploiting the poor.

Hypothesis VII: Religious Anxiety. This hypothesis was not supported because anxiety over salvation was too weak to give capitalism its steady and continual growth.

Hypothesis VIII: The Quest for Salvation. This hypothesis was unsupported because Puritans who sought signs of their salvation could do so in a variety of ways, not just through economic success. The various forms of conduct engaged in by Puritans to gain assurance of salvation were each taken by only a small segment of the Puritan community; therefore seeking a sign of salvation could have played only a very small role in capitalist action, and the principal means of assurance were religious.

- The drive for salvation did little to reinforce the desire to work, and hard work was seldom mentioned as a sign of salvation.
- The Puritan clergy rarely referred to the acquisition of wealth as a sign of salvation.

Hypothesis IX: Religious Premia. Again, there was no support for the hypothesis. Only a small premium was placed on rational economic behavior, and thus there was not much religious incentive to engage in it. Religious discipline had little to do with economic behavior or economic success. A Puritan's standing in his religious community did not depend on his achievements in business.

Cohen's study is the most systematic and thorough empirical analysis we have of the effects of the various features of Protestantism that Weber identified as promoting capitalism. However, since Cohen's data are entirely qualitative in nature, some might argue that quantitative evidence is necessary for a proper evaluation of the Protestant ethic thesis. Fortunately, there are two recent studies based on such evidence.

Quantitative Tests

Jacques Delacroix and Francois Nielsen (2001), characterizing the Protestant ethic thesis as a “beloved myth,” sought to test it by using quantitative data for the time period around 1870. They looked at seventeen categories of economic development for twenty European states, such as wealth and savings, stock trading, and railroad development, and correlated these variables with

the percentage of each country that was Protestant. They found a statistically significant relationship between the size of the Protestant population and bank deposits per capita, but no significant relationships for any of the other economic measures. This led them to reject the thesis.

A limitation of Delacroix and Nielsen's study is that its focus on capitalism is much too late. In terms of the classical thesis, Weber was not referring to the industrial capitalism of the nineteenth century, but rather to the much earlier capitalism of the sixteenth and seventeenth centuries. Therefore, Stephen Sanderson and Kristopher Proctor (2011) acquired data on estimated GDP levels for fifteen European societies between 1500 and 1870. They correlated the percentage Protestant with levels of GDP per capita for the years 1600, 1700, 1820, and 1870. The correlations were either near zero or negative, thus pointing in the wrong direction. The authors also examined the relationship between percentage Protestant and economic growth for all of the sub-periods of the 1500-1870 period. Although these correlations were pointing in the right direction, all were low (average $r = .217$, 4.7% of variance explained) and none were statistically significant. The results thus provided additional confirmation for the "beloved myth" thesis.

Christianity and Capitalism

Michael Mann

Despite the serious criticisms that have been made against the Weber thesis throughout the twentieth century, many sociologists have continued to endorse it and some even to extend it more broadly – to go even further than Weber himself went or would have gone. Michael Mann (1986) regards Christianity as a whole, and not just Protestantism, as having a salutary effect on economic development. The great contribution of Christianity to the development of capitalism in Europe, Mann argues, is that it promoted *normative pacification*. This was an essential precondition for substantial economic growth because it "enabled more produce to be traded over longer distances than could usually occur between the domains of such a large number of small, often highly predatory, states and rulers. . . . [T]he survival of long-distance trade boosted the production of goods for market exchange in the medieval period" (1986 : 383). Moreover, "Production relations, including property relations, were largely hidden from state interference. Normative pacification would ensure that property was respected" (1986 : 383).

Christianity also helped contribute to economic development by inculcating in people a strong desire for moral and social improvement – essentially Weber's "inner-worldly" orientation to life. However, Mann rejects Weber's original thesis and argues that Protestantism was at best a minor

and relatively late contribution. And his critique of Weber is itself Weberian in a broader sense: “Weber himself . . . implied that Puritanism largely restated the original Christian message of rational, radical salvation. In these respects, he was much closer to the mark” (1986 : 501).

Mann may well be on to something concerning Christianity’s important role in pacification, but this would probably at best explain why trade networks could have become denser and more extensive, speeding up the process of capitalist development rather than actually determining it. As for Mann’s emphasis on Christianity’s role in promoting a strong sense of moral and social improvement, the evidence may well support this contention, but its link to economic development is tenuous and empirically undemonstrated.

Rodney Stark

In *The Victory of Reason: How Christianity Led to Freedom, Capitalism, and Western Success* (2005), Rodney Stark claims that Christianity was the key to the entire 1,500-year history of Western development since the fall of Rome, mainly because it promoted reasoned thinking. Stark’s argument can be summarized basically as follows:

1. Of all the major world religions, only Christianity embraced reason and logic as the principal means for achieving religious truth. From very early days, Church fathers held that reason was a supreme gift from God and the primary means to understand the nature and intentions of God.
2. Christianity’s emphasis on reason promoted the pursuit of science as well as the evolution of democracy and individual rights. These in turn provided a favorable atmosphere for capitalist development.
3. Christianity spawned theologians such as Augustine and Thomas Aquinas who reasoned about the nature of God, and theology requires a concept of God as a conscious and rational being. Eastern religions have no concept of a conscious and rational God, only a notion of a supernatural essence that is impersonal and lacking consciousness. Impersonal forces give rise to meditation but not to reason.
4. Judaism and Islam have held an image of a personal God, but not one who should be reasoned about. These religions do not emphasize understanding God’s intentions, but rather rigorously applying stricture and law. As such, they have been insufficient to promote capitalism.
5. Capitalism was not invented in Venice or Holland, but rather as early as the ninth century by Catholic monks who sought to ensure the economic security of their monastic estates. Over

time the monastic estates did not limit themselves to subsistence agriculture, but began to specialize in various crops or products and began to sell these for profit, to reinvest the profits, and to establish a cash economy and banks.

Stark's argument is provocative and, I think, superior to the Protestant Ethic thesis (of which Stark is highly critical). But the main difficulty is that, like most historical arguments, it rests on inferences rather than convincing empirical demonstration. Even if we accept Stark's contention that Christianity was unique in its reasoning about God, it is a large leap to claim that this was directly linked to progress in capitalism, science, and individual freedom.

Stark makes the convincing argument that despotic states, such as those found in China and India, inhibit capitalist development. True enough, but it is quite plausible that it was specifically these *states*, rather than Chinese or Indian *religions*, that held capitalism, science, and individual freedom back. Europe had smaller states and eventually a system of competing states mainly because it had a feudal background. Some see European feudalism as a product of European geography, whereas others would emphasize that feudalism was the unique product of the collision and fusion of a declining Roman empire and the barbarian tribes that contributed to Rome's final destruction (Anderson, 1974). At any rate, it is difficult to separate state structures from religious structures. Thinking of it in terms of modern quantitative methods, one might ask what the outcome would be if we looked at the role of Christianity while simultaneously controlling for the effects of politics. Stark's historical approach is unable to disentangle the two sets of conditions (cf. Mann, 1986 : 502).

Compared to other world civilizations, Europe has always been distinctive, and well before the emergence of Christianity. The first real philosophers were the Greeks, many of whom ridiculed the anthropomorphic gods of Greek society and were beginning to shift toward a monotheistic religious world view. The Romans inherited much of Greek culture but, in contrast to Greece, built a huge empire and were perhaps the most commercialized of the ancient civilizations. The Romans developed a system of elaborate commercial law that formed the basis for the European law that was created in early modern times. There were no parallels to European law in Asia. European marriage and family practices were also different from those found in Asia, even among the Romans. The Romans outlawed polygyny, put more emphasis on the nuclear family and on affection between husband and wife, and gave women a higher status. And, as mentioned above, Europe had smaller states, more political decentralization, and an interstate system, whereas Asia had despotic states, no interstate system, and gave more emphasis to order, conformity, and tradition (Mann, 1986). As Mann has emphasized, Europe also had a culture of "rational

restlessness.” Any or all of these factors could have set in motion economic processes that, more than a millennium later, led the way into modern capitalism. Was this restlessness present in Roman society? To a certain degree, yes. Then why not say that Christianity itself was the product of such a cultural outlook? After all, the uniqueness of Christianity must itself be explained.²⁾

Even if we concede that there has been a close association between Christianity and capitalism, there still looms large the question of which way the causal arrows are pointing. As seen earlier, early critics of the Protestant ethic thesis saw capitalism contributing to Protestantism just as much as, if not more than, Protestantism contributing to capitalism. In fact, there are statements made by Stark which strongly suggest that much of the time Christianity was not promoting capitalist advance, but rather *adapting itself* to such advance. Stark points out that “for centuries Christianity proclaimed the moral and spiritual superiority of asceticism and expressed antagonism toward commerce and finance. But these teachings were resoundingly rejected in the twelfth and thirteenth centuries by Catholic theologians who stoutly defended private property and the pursuit of profits” (Stark, 2005 : xv). Moreover, referring to Thomas Aquinas and other theologians of the twelfth and thirteenth centuries, Stark says that “the Catholic Church made its peace with early capitalism” (2005 : 63), adding that the predecessors of the theologians of this time “had held merchants and commercial activities in contempt,” and that by the thirteenth century capitalism “was fully and finally freed from all fetters of faith” (2005 : 66). But how could Christianity have contributed to capitalism as early as the ninth century as Stark claims if during this time theologians were contemptuous of commerce and finance? And how can the contention that Christian faith promoted reason and its capitalist consequences from an early period be reconciled with the assertion that faith once was a fetter on capitalism? It would seem much more sensible to say that capitalism had developed far enough by the thirteenth century, for whatever reasons, that it had become a force to be reckoned with by the religious leaders of the day.

Another weakness is the role claimed for Christian theologians. Weber himself explicitly warned against relying excessively on the writings of theologians, and for good reason (Cohen, 2002). The vast majority of Christians pay little attention to, and are usually entirely unaware of, theological writings. This has undoubtedly been true throughout the history of Christianity. What Christians of the days of Augustine and Thomas Aquinas were familiar with their works? (We know for certain that they could not read them, since very few people could read anything!) And Christians who could read would have read scriptures, not the works of Augustine or Aquinas.

This then presents the problem of *who* developed capitalism. Was it the theologians, or rather fairly ordinary people with strong ambitions and financial shrewdness who had no contact with theology?

Yet I do not want to be understood as being entirely dismissive of Stark. He *could* be right. My provisional conclusion is – interesting but unproven.

Judaism and Capitalism

But even if we were to concede that religion affects economics, why not Judaism and capitalism? This argument was made many years ago by Sombart (1911/1951), an eminent historian of the day and a strong critic of Weber. Sombart found many indicators of the close association of Jews with capitalist practices:

- In the eighteenth and nineteenth centuries Jews, despite constituting a tiny fraction of society, made up at least a quarter and perhaps as much as a third of annual visitors to the Leipzig fairs.
- During the Middle Ages Jews were heavily involved in money lending and were important intermediaries in international trade.
- Great wealth was often found among European Jews from the seventeenth century on. In Holland in the seventeenth and eighteenth centuries, the most magnificent mansions were built or inhabited by Jews.
- Jewish wealth was very influential in allowing many capitalistic undertakings to get started.

Just as Weber argued for a special affinity between the Protestant ethic and a capitalist spirit, Sombart sees a special affinity between Judaism and a capitalist spirit. For Sombart this affinity lay in rationalism and intellectualism: “Rationalism is the characteristic trait of Judaism as of Capitalism; Rationalism or Intellectualism – both deadly foes alike to irresponsible mysticism” (1951 : 206). Sombart goes on to say that no other people has valued learning as much as have the Jews, and that learning was in fact a religious obligation. Karl Marx saw something similar. In his famous essay “Die Judenfrage,” he virtually equated Judaism with capitalism.

Sombart makes a compelling case for the special role of Jews in capitalist activities. Nevertheless, there is still the question of whether this has been the result of specifically *religious* ideas or of something else. To be a Jew is not simply to be a practitioner of Judaism, but to belong to a distinct *ethnic group* with a very strong sense of its own identity. There are many secular Jews in today’s world who are religious nonbelievers but who nonetheless exhibit a very strong “Jewishness.” For example, they celebrate Jewish holidays and hold *bar mitzvahs* and *bat*

mitzvahs for their children, all based on ethnic identity rather than religious beliefs. So we end up with a problem similar to what was said earlier in regard to Stark – disentangling the various threads of a culture. Judaism and capitalism seem to go together, but not necessarily for religious reasons.

Buddhism, Confucianism, and Japanese Capitalism

Robert Bellah

Robert Bellah (1957) extended the logic of the Protestant ethic thesis to economic development in Japan, arguing that there were rationalizing tendencies in Japanese religion that contributed to Japan's economic and political development starting during the Tokugawa period (1600–1868). Japan contained a “functional analogue” to the Protestant ethic. Both Buddhism and Confucianism contained a “this-worldly” or “inner-worldly” ethic emphasizing activism and achievement in the secular world, precisely the type of religious orientation that Weber (1923/1978) in his more general sociology of religion stressed was the orientation most likely to produce economic development.

Zen Buddhist monks in Ashikaga Japan (1392–1573), Bellah claims, had an inner-worldly ethic that emphasized productive labor. In Confucianism, early Shinshu Confucianism stressed salvation by faith, but by Tokugawa times Shin teachings had become much more inner-worldly as well as much more ascetic. They emphasized a work ethic that Bellah regards as very similar to the Protestant work ethic and “the closest Japanese analogue to Western Protestantism” (1957 : 122). Later Shin teachings placed great emphasis on labor and a “calling”; and it is “through work in the world, most especially one's occupation, that religion is best expressed” (Bellah, 1957 : 119). Bellah concludes that “religion played an important role in the process of political and economic rationalization in Japan through maintaining and intensifying commitment to the central values, supplying motivation and legitimation for certain necessary political innovations and reinforcing an ethic of inner-worldly asceticism which stressed diligence and economy” (1957 : 194).

Bellah's argument is almost impossible to test empirically. But since it directly parallels Weber's argument that the critical feature of Protestantism was its inner-worldly asceticism, it seems highly unlikely that it would survive any test, given that nearly all of the tests of the Weber thesis fail to support it. Moreover, Zen Buddhism seems an unlikely candidate for an inner-worldly ascetic religion at any time in Japanese history. Zen, like other forms of Buddhism, emphasizes meditation, quiet, and serenity. Its secular side has focused more on military arts, such as archery

and sword play, than on economics (Smart, 1976).

As for Confucianism, it was introduced into Japan in the seventeenth century by Yamazaki Ansai, who was succeeded by Kumazawa Banzan and Ogyu Sorai. The last of these sought to rediscover the original foundations of Confucianism by examining its pre-Confucian sources, which is apparently what made Japanese Confucianism distinctive (Doniger, 1999). Although Confucianism was inner-worldly, its inner-worldliness was focused on politics, not economics. As such, it seems an unlikely candidate for stimulating large-scale economic development.

Randall Collins

More recently Randall Collins (1997) has developed an argument similar to Bellah's about the role of religion in the development of Japanese capitalism. Specifically, Collins argues that Japanese Buddhism was able to overcome social and economic barriers that obstructed a shift from an agrarian-coercive to a capitalist society. He notes three distinct social barriers originally identified by Weber: (1) the subordination of market relations to the strict aristocratic social relations of the patrimonial household; (2) the handicapping of entrepreneurship by the absence of property laws; and (3) the lack of an ethic of disciplined economic rationality. Collins states that, according to Weber, these barriers could be overcome by the emergence of property laws and, more importantly, by a universalistic religion that could surpass the social relations of the patrimonial household and establish an economic ethic. For Weber this universalistic religion was European Christianity. Collins (1997 : 848) believes, however, that "not only Christianity but the universalism of all the great world religions breaks down social barriers and enforces ethical universalism." Buddhism, Collins argues, played this role in the shift to capitalism in Japan.

In addition, Collins contends that the economic activities within monasteries, in both Europe and Japan, also played an important role in the development of capitalism. Collins concedes that Weber thought monasticism dampens the economic ethic important to the development of capitalism because monasticism "siphons off religious motivation . . . to otherworldly ends" (1997 : 848). Collins argues, however, that Weber understated the importance monasteries held in agrarian-coercive economies, and claims that "monasteries were the first entrepreneurs" (1997 : 848). He says that

monasteries, temples, and churches at first formed their own market and property relations, accumulated wealth, and pioneered new economic structures. These made up a substantial sector in medieval economies where religious organization at times held as much as one-

third of the cultivated land, and perhaps even more of the portable wealth. Within its own sector, religious organization broke through the obstacles to economic growth within traditional societies. Overall, it was the fact that monasteries could act as economic units separate from the patrimonial household that allowed them to build wealth and promote the development of production and exchange (1997 : 848).

Collins goes on to say that, as monasteries began to proselytize, the religious economy was geographically enlarged. In this way were market relations and an economic ethic developed and spread.

Collins claims that the rise of Japanese capitalism first began in China with the development of a Buddhist monastic economy. This monastic economy grew and eventually spread to Japan, where it led to the development of markets and an economic ethic. Commodity markets, Collins (1997 : 853) explains, emerged in the Buddhist monasteries of Japan as “temples became the largest centers of accumulation, and hence the organizations most capable of engaging in foreign trade,” which was facilitated by monks who traveled to China for religious purposes. Economic development was encouraged further still by the introduction of labor markets within and around the monasteries. As artisans and farmers were allowed to engage in the activities of the monastic community, their productive skills were employed to generate even more economic growth within the monastic economy. Eventually, even production and finance capital emerged within the monasteries as temple-protected guilds produced products such as salt and textiles, and monasteries became lending agencies as their cash flows increased. Ultimately, Collins states, “the temples were the first entrepreneurial organizations in Japan: the first to combine control of the factors of labor, capital, and land so as to allocate them for enhancing production” (1997 : 855). And, of course, “an ethic of self-discipline and ascetic restraint on consumption, resulting in accumulation and investment, originated in internal reforms in medieval Japanese Buddhism” (1997 : 856), without which, Collins contends, the above economic processes would not have been possible.

As noted above, one social barrier to the development of capitalism is the lack of property laws in agrarian-coercive societies. Collins argues that Japanese Buddhism helped overcome this barrier through its own internal legal system, which was maintained by highly educated monks. Property laws generated within this legal system protected the monastery’s wealth and eventually had an influence on the surrounding populace, thereby leading to the broader institution of economic legal protection for entrepreneurs.

In time, Collins explains, the economic behavior of the monasteries received criticism from the wider populace because the behavior was considered to be abusive and a distraction from religion. This eventually weakened the authority of the monasteries as economic and legal centers. But by this time the economic power of the monasteries had had its influence on Japan, and full-blown capitalism outside the monasteries was on the rise (Collins, 1997 : 859) :

New guilds arose independent of the temples; money-lenders and markets in the *monzenmachi* outside the temple gates loosened temple control. By the late 1400s, as the Sengoku period of warfare began, the *shoen* system of land tenure had largely disintegrated as local administrators, warriors, or peasant villages took possession . . . [and] economic control shifted from the more traditional temples to the most market-oriented temples.

Collins claims that, as the power of the monasteries declined, a surge in military-political power, which ultimately manifested itself in the “wars of unification” led by Oda Nobunaga and Toyotomi Hideyoshi, led to the eventual dissemination of the monasteries’ wealth and property to individuals and organizations outside the monasteries. By this point, the monasteries were stripped of their role as economic centers, and the capitalism that developed there had fully spilled over into the secular economy. Collins explains that this secularization of the capitalist economy eventually led to the emergence in the Tokugawa era of a mass-market economy that marked the beginning of a full-fledged capitalist system.

Collins’s argument is certainly provocative and highly original, but I conclude that it is unconvincing and ultimately fails. Collins makes much too large a leap in his theoretical argument. Perhaps the most serious difficulty with his argument is that it fails to identify the mechanisms whereby monastic capitalism spread out of the monasteries throughout the wider society. This is the same type of problem identified earlier with respect to Stark’s argument for the role of Christian monasticism. Moreover, Collins’s argument is un-Weberian and therefore odd coming from a major Weberian sociologist. As already noted, Weber contended that Eastern religions like Buddhism strongly *inhibited* the development of capitalism. In the end, Collins’s argument remains mostly at a theoretical level without any sort of rigorous empirical test.

A more compelling explanation of capitalist development in Japan can be made by focusing on ecological, economic, and political conditions (Sanderson, 1994, 1999). Western Europe and Tokugawa Japan shared several major preconditions favorable to the breakout into large-scale capitalism. The most important of these conditions were (1) small size, (2) maritime location,

and (3) feudal politico-economic arrangements. Japan is a relatively geographically small society – actually, a set of islands – near the coast of a large land mass. Great Britain, the first great capitalist power in modern times, also geographically small, is also a set of islands near a large land mass. One of the advantages of being small is that political administration can remain small and thus less costly, freeing up funds for state promotion of capitalist investment. Large Asian states like China and India were much more costly to administer.

Japan was completely surrounded by water and thus could concentrate on maritime trade, which is far more efficient and productive. Here we find another parallel to Great Britain, but also to the United Provinces (the Netherlands) and northern France. The capitalistic predecessors of these countries, the city-states of northern Italy, also had a maritime location, which greatly stimulated seaborne trade (note also that they too were very small and easier and cheaper to administer).

Finally, Japan was really the only country in the world outside Europe with a feudal politico-economic system. The hallmark of a feudal system is the division of power among a hierarchy of lords, each of whom owes loyalty and must pay homage to those above him in the hierarchy. The greatest landlord may be the king or emperor, who parcels out land to lords below, who in turn parcel out their lands, and so on. What results is a system in which economics and politics are fused and in which the division of landownership corresponds to the division of political power. Feudal systems are more hospitable to the activities of merchants because relatively autonomous towns are able to grow up in the interstices.

It is likely that one of the reasons Western Europe had gone considerably further than Japan by the nineteenth century is that it had an interstate system in which states competed vigorously for economic gain. Although it traded with China and some other parts of Asia, Japan was part of no interstate system that could have provided a stimulus for capitalist development.

Conclusions

There are indeed functional similarities between religious and economic orientations in Western Europe, Japan, and perhaps elsewhere. These center especially around inner-worldliness and asceticism – the emphasis on doing important things in this world, and on discipline and self-denial. However, there is little reason to think that these orientations are causally related. The case for Protestantism's economic consequences, always logically unpersuasive, has now appeared to collapse under the weight of accumulating disconfirming evidence. The case for Christianity's impact on Western economic development seems no more

convincing, and the argument for Buddhism's effect on the development of capitalism in Japan even less so. Whatever functional resemblances can be found between religious and economic institutions can just as easily be interpreted as resulting from the impact of economic attitudes and action on religious beliefs and practices. But even this is not compelling. It may simply be that the functional similarities between religion and economics are parts of an overall "cultural package," part of the consistency and integration of cultural systems.

Collins (1997 : 862) argues that "religious institutions were the most likely place within agrarian-coercive societies where a leading sector of capitalist institutions could first be assembled." But religious institutions would seem to be the *least likely* place for the assemblage of such institutions, since the aims of religion and its practitioners are only modestly economic at best.³⁾ The most likely place to look for the origins of a dynamic capitalist economy is *in the economy itself*. Economics, capitalist economics included, has its own dynamic; humans are economic animals by their very nature (Sanderson, 2001) and do not require religious thoughts and practices to guide their behavior in this sphere. The next best place to look is in the political system. Decentralized states generally provide more freedom for mercantile activity to flourish, whereas highly centralized states are more likely to inhibit such activity.

The notion that religious ideas should profoundly affect economic action began as a peculiar and idiosyncratic idea formulated by one particular scholar in a particular time and place in the history of the social sciences. It caught on among sociologists in particular perhaps because it seemed to be a shining example of how sociology was needed to explain things that had usually been explained in some other way. Weber's idea gained life and he became canonized. The overall idea has continued to be generalized and extended. But it is doubtful that this line of thinking will ever repay the effort that has been and is being put into it.

Notes

- 1) On a visit to Germany in the fall of 2003, the author uncovered, in less than a week's time, two articles in German newspapers celebrating the 100th anniversary of the publication of *The Protestant Ethic*. Both articles were highly laudatory of Weber's famous work.
- 2) I am not proposing an explanation of European rational restlessness and feel unable to do so. I am simply taking note of it.
- 3) Admittedly large-scale religious organizations, such as the Catholic Church in both the Middle Ages and modern times, often control great wealth, but this has little or nothing to do with religion as a *set of ideas*. It stems from the general principle that large-scale organizations *of any type* seek to promote their own interests, wealth and power being among them.

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