Karl Emil Maximilian " Max " Weber (German : [?maks ?ve?b?]; 21 April 1864 ? 14 June 1920) was a German sociologist , philosopher , jurist , and political economist whose ideas profoundly influenced social theory and social research . Weber is often cited , with Émile Durkheim and Karl Marx , as among the three founders of sociology .

Weber was a key proponent of methodological antipositivism, arguing for the study of social action through interpretive (rather than purely empiricist) means, based on understanding the purpose and meaning that individuals attach to their own actions. Unlike Durkheim, he did not believe in monocausality and rather proposed that for any outcome there can be multiple causes.

Weber 's main intellectual concern was understanding the processes of rationalisation, secularisation, and " disenchantment " that he associated with the rise of capitalism and modernity, and which he saw as the result of a new way of thinking about the world.

Weber is best known for his thesis combining economic sociology and the sociology of religion , elaborated in his book The Protestant Ethic and the Spirit of Capitalism , in which he proposed that ascetic Protestantism was one of the major " elective affinities " associated with the rise in the Western world of market @-@ driven capitalism and the rational @-@ legal nation @-@ state . He argued that it was in the basic tenets of Protestantism to boost capitalism . Thus , it can be said that the spirit of capitalism is inherent to Protestant religious values .

Against Marx 's historical materialism, Weber emphasised the importance of cultural influences embedded in religion as a means for understanding the genesis of capitalism. The Protestant Ethic formed the earliest part in Weber 's broader investigations into world religion; he went on to examine the religions of China, the religions of India and ancient Judaism, with particular regard to their differing economic consequences and conditions of social stratification.

In another major work , Politics as a Vocation , Weber defined the state as an entity that successfully claims a " monopoly of the legitimate use of physical force within a given territory " . He was also the first to categorise social authority into distinct forms , which he labelled as charismatic , traditional , and rational @-@ legal . His analysis of bureaucracy emphasised that modern state institutions are increasingly based on rational @-@ legal authority .

Weber also made a variety of other contributions in economic history, as well as economic theory and methodology. Weber 's analysis of modernity and rationalisation significantly influenced the critical theory associated with the Frankfurt School.

After the First World War , Max Weber was among the founders of the liberal German Democratic Party . He also ran unsuccessfully for a seat in parliament and served as advisor to the committee that drafted the ill @-@ fated democratic Weimar Constitution of 1919 . After contracting Spanish flu , he died of pneumonia in 1920 , aged 56 .

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= = Biography = =
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= = = Early life and family background = = =

Karl Emil Maximilian Weber was born in 1864, in Erfurt, Province of Saxony, Prussia. He was the oldest of the seven children of Max Weber Sr., a wealthy and prominent civil servant and member of the National Liberal Party, and his wife Helene (Fallenstein), who partly descended from French Huguenot immigrants and held strong moral absolutist ideas. Weber Sr. 's involvement in public life immersed his home in both politics and academia, as his salon welcomed many prominent scholars and public figures. The young Weber and his brother Alfred, who also became a sociologist and economist, thrived in this intellectual atmosphere. Weber 's 1876 Christmas presents to his parents, when he was thirteen years old, were two historical essays entitled "About the course of German history, with special reference to the positions of the Emperor and the Pope", and "About the Roman Imperial period from Constantine to the migration of nations". In class, bored and unimpressed with the teachers? who in turn resented what they perceived as a

disrespectful attitude? he secretly read all forty volumes of Goethe, and it has been recently argued that this was an important influence on his thought and methodology Before entering the university, he would read many other classical works. Over time, Weber would also be significantly affected by the marital tension between his father, " a man who enjoyed earthly pleasures ", and his mother, a devout Calvinist" who sought to lead an ascetic life ".

= = = Education = = =

In 1882 Weber enrolled in the University of Heidelberg as a law student . After a year of military service , he transferred to the University of Berlin . After his first few years as a student , during which he spent much time " drinking beer and fencing " , Weber would increasingly take his mother 's side in family arguments and grew estranged from his father . Simultaneously with his studies , he worked as a junior lawyer . In 1886 Weber passed the examination for Referendar , comparable to the bar association examination in the British and American legal systems . Throughout the late 1880s , Weber continued his study of law and history . He earned his law doctorate in 1889 by writing a dissertation on legal history titled Development of the Principle of Joint Liability and the Separate Fund in the Public Trading Company out of Household and Trade Communities in Italian Cities . This work was used as part of a longer work On the History of Trading Companies in the Middle Ages , based on South @-@ European Sources , published in the same year . Two years later , Weber completed his Habilitationsschrift , Roman Agrarian History and its Significance for Public and Private Law , working with August Meitzen . Having thus become a Privatdozent , Weber joined the University of Berlin 's faculty , lecturing and consulting for the government .

= = = Early work = = =

In the years between the completion of his dissertation and habilitation. Weber took an interest in contemporary social policy. In 1888 he joined the Verein für Socialpolitik, a new professional association of German economists affiliated with the historical school, who saw the role of economics primarily as finding solutions to the social problems of the age and who pioneered large scale statistical studies of economic issues. He also involved himself in politics, joining the left @-@ leaning Evangelical Social Congress . In 1890 the Verein established a research program to examine " the Polish question " or Ostflucht: the influx of Polish farm workers into eastern Germany as local labourers migrated to Germany 's rapidly industrialising cities . Weber was put in charge of the study and wrote a large part of the final report, which generated considerable attention and controversy and marked the beginning of Weber 's renown as a social scientist . From 1893 to 1899 Weber was a member of the Alldeutscher Verband (Pan @-@ German League), an organization that campaigned against the influx of the Polish workers; the degree of Weber 's support for the Germanisation of Poles and similar nationalist policies is still debated by modern scholars. In some of his work, in particular his provocative lecture on "The Nation State and Economic Policy" delivered in 1895, Weber criticises the immigration of Poles and blames the Junker class for perpetuating Slavic immigration to serve their selfish interests.

Also in 1893 he married his distant cousin Marianne Schnitger , later a feminist activist and author in her own right , who was instrumental in collecting and publishing Weber 's journal articles as books after his death , while her biography of him is an important source for understanding Weber 's life . They would have no children and it is usually acknowledged that their marriage was never consummated . The marriage granted long @-@ awaited financial independence to Weber , allowing him to finally leave his parents 'household . The couple moved to Freiburg in 1894 , where Weber was appointed professor of economics at the university , before accepting the same position at the University of Heidelberg in 1896 . There Weber became a central figure in the so @-@ called "Weber Circle ", composed of other intellectuals such as his wife Marianne , Georg Jellinek , Ernst Troeltsch , Werner Sombart , Marc Bloch , Robert Michels and György Lukács . Weber also remained active in the Verein and the Evangelical Social Congress . His research in that period was focused on economics and legal history .

In 1897 Max Weber Sr. died two months after a severe quarrel with his son that was never resolved . After this , Weber became increasingly prone to depression , nervousness and insomnia , making it difficult for him to fulfill his duties as a professor . His condition forced him to reduce his teaching and eventually leave his course unfinished in the autumn of 1899 . After spending months in a sanatorium during the summer and autumn of 1900 , Weber and his wife travelled to Italy at the end of the year and did not return to Heidelberg until April 1902 . He would again withdraw from teaching in 1903 and not return to it till 1919 . Weber 's ordeal with mental illness was carefully described in a personal chronology that was destroyed by his wife . This chronicle was supposedly destroyed because Marianne Weber feared that Max Weber 's work would be discredited by the Nazis if his experience with mental illness were widely known .

= = = Later work = = =

After Weber 's immense productivity in the early 1890s , he did not publish any papers between early 1898 and late 1902 , finally resigning his professorship in late 1903 . Freed from those obligations , in that year he accepted a position as associate editor of the Archives for Social Science and Social Welfare , where he worked with his colleagues Edgar Jaffé and Werner Sombart . His new interests would lie in more fundamental issues of social sciences ; his works from this latter period are of primary interest to modern scholars . In 1904 , Weber began to publish some of his most seminal papers in this journal , notably his essay The Protestant Ethic and the Spirit of Capitalism , which became his most famous work and laid the foundations for his later research on the impact of cultures and religions on the development of economic systems . This essay was the only one of his works from that period that was published as a book during his lifetime . Some other of his works written in the first one and a half decades of the 20th century ? published posthumously and dedicated primarily from the fields of sociology of religion , economic and legal sociology ? are also recognised as among his most important intellectual contributions .

Also in 1904, he visited the United States and participated in the Congress of Arts and Sciences held in connection with the World 's Fair (Louisiana Purchase Exposition) in St. Louis. A monument to his visit was placed at the home of relatives whom Weber visited in Mt. Airy, North Carolina.

Despite his partial recovery evident in America , Weber felt that he was unable to resume regular teaching at that time and continued on as a private scholar , helped by an inheritance in 1907 . In 1909 , disappointed with the Verein , he co @-@ founded the German Sociological Association (Deutsche Gesellschaft für Soziologie , or DGS) and served as its first treasurer . He would , however , resign from the DGS in 1912 . In 1912 , Weber tried to organise a left @-@ wing political party to combine social @-@ democrats and liberals . This attempt was unsuccessful , in part because many liberals feared social @-@ democratic revolutionary ideals .

= = = Political involvements = = =

At the outbreak of World War I , Weber , aged 50 , volunteered for service and was appointed as a reserve officer and put in charge of organizing the army hospitals in Heidelberg , a role he fulfilled until the end of 1915 . Weber 's views on the war and the expansion of the German empire changed during the course of the conflict . Early on he supported the nationalist rhetoric and the war effort , though with some hesitation as he viewed the war as a necessity to fulfill German duty as a leading state power . In time , however , Weber became one of the most prominent critics of German expansionism and of the Kaiser 's war policies . He publicly attacked the Belgian annexation policy and unrestricted submarine warfare and later supported calls for constitutional reform , democratisation and universal suffrage .

Weber joined the worker and soldier council of Heidelberg in 1918. He then served in the German delegation to the Paris Peace Conference and as advisor to the Confidential Committee for Constitutional Reform, which drafted the Weimar Constitution. Motivated by his understanding of the American model, he advocated a strong, popularly elected presidency as a constitutional

counterbalance to the power of the professional bureaucracy. More controversially, he also defended the provisions for emergency presidential powers that became Article 48 of the Weimar Constitution. These provisions were later used by Adolf Hitler to subvert the rest of the constitution and institute rule by decree, allowing his regime to suppress opposition and gain dictatorial powers.

Weber also ran , unsuccessfully , for a parliamentary seat , as a member of the liberal German Democratic Party , which he had co @-@ founded . He opposed both the leftist German Revolution of 1918 ? 1919 and the ratification of the Treaty of Versailles , principled positions that defied the political alignments in Germany at that time , and which may have prevented Friedrich Ebert , the new social @-@ democratic President of Germany , from appointing Weber as minister or ambassador . Weber commanded widespread respect but relatively little influence . Weber 's role in German politics remains controversial to this day .

In the case of Weber 's critique of the left , he complained that the leaders of the leftist Spartacus League which was led by Karl Liebknecht and Rosa Luxemburg and controlled the city government of Berlin while Weber was campaigning for his party : " We have this [German] revolution to thank for the fact that we cannot send a single division against the Poles . All we see is dirt , muck , dung , and horse @-@ play ? nothing else . Liebknecht belongs in the madhouse and Rosa Luxemburg in the zoological gardens . ? Weber was at the same time critical of the Versailles Treaty which he believed unjustly assigned " war guilt " to Germany when it came to World War I. Weber believed that many countries were guilty of starting World War I , not just Germany . In making this case , Weber argued that ? In the case of this war there is one , and only one power that desired it under all circumstances through its own will and , according to their political goals required : Russia It never crossed [my] mind that a German invasion of Belgium [in 1914] was nothing but an innocent act on the part of the Germans . "

Later that same month , in January 1919 , after Weber and Weber 's party were defeated for election , Weber delivered one of his greatest academic lectures Politics as a Vocation which was a reflection on the inherent violence and dishonesty found among the politicians , a profession in which only recently Weber was so personally active . About the nature of politicians , he concluded that " In nine out of ten cases they are windbags puffed up with hot air about themselves . They are not in touch with reality , and they do not feel the burden they need to shoulder ; they just intoxicate themselves with romantic sensations . "

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= = = Last years = = =
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Frustrated with politics, Weber resumed teaching during this time, first at the University of Vienna, then, after 1919, at the University of Munich. His lectures from that period were collected into major works, such as the General Economic History, Science as a Vocation and Politics as a Vocation. In Munich, he headed the first German university institute of sociology, but never held a professorial position in sociology. Many colleagues and students in Munich attacked his response to the German Revolution and some right @-@ wing students held protests in front of his home. Max Weber contracted the Spanish flu and died of pneumonia in Munich on 14 June 1920. At the time of his death, Weber had not finished writing his magnum opus on sociological theory: Economy and Society. His widow Marianne helped prepare it for its publication in 1921? 22.

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= = Max Weber 's thought = =
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Max Weber 's bureaucratic theory or model is sometimes also known as the "Legal @-@ Rational " model. The model tries to explain bureaucracy from a rational point of view via nine main characteristics or principles; these are as follows:

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= = = Max Weber 's Bureaucratic Model (Legal @-@ Rational Model) = = =
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Weber wrote that the modern bureaucracy in both the public and private sector relies on the

following principles.

" First , it is based on the general principle of precisely defined and organized across @-@ the @-@ board competencies of the various offices . These competencies are underpinned by rules , laws , or administrative regulations . " For Weber , this means

A rigid division of labor is established which clearly identifies the regular tasks and duties of the particular bureaucratic system .

There are firmly established chains of command, and the duties and capacity to coerce others to comply is described by regulation.

Regular and continuous execution of the assigned duties is undertaken by hiring people with particular qualifications which are certified.

Weber notes that these three aspects " constitute the essence of bureaucratic administration ... in the public sector . In the private sector , these three aspects constitute the essence of a bureaucratic management of a private company . "

Main Principles (Characteristics):

Specialized roles.

Recruitment based on merit (e.g. tested through open competition).

Uniform principles of placement, promotion, and transfer in an administrative system.

Careerism with systematic salary structure.

Hierarchy, responsibility and accountability.

Subjection of official conduct to strict rules of discipline and control.

Supremacy of abstract rules .

Impersonal authority . (e.g. Office bearer does not bring the office with him) .

Political neutrality.

Merits: Max Weber himself noted, real bureaucracy will be less optimal and effective than his ideal type model. Each of Weber 's principles can degenerate, more so, when it is utilized to analyze the individual level in the organization. But when implemented in a group setting in an organization, some form of efficiency and effectiveness can be achieved, especially with regards to better output. This is especially true when the Bureaucratic model emphasizes qualification (merits), specialization of job @-@ scope (labour), hierarchy of power, rules and discipline.

Demerits: However, competencies, efficiency and effectiveness can be unclear and contradictory especially when dealing with oversimplified matters. In a dehumanized bureaucracy, inflexible in distributing the job @-@ scope, with every worker having to specialize from day one without rotating tasks for fear of decreasing output, tasks are often routine and can contribute to boredom. Thus, employees can sometimes feel that they are not part of the organization 's work vision and missions. Consequently, they do not have any sense of belonging in the long term. Furthermore, this type of organization tends to invite exploitation and underestimate the potential of the employees, as creativity of the workers is brushed aside in favour of strict adherence to rules, regulations and procedures.

= = = Inspirations = = =

Weber 's thinking was strongly influenced by German idealism and particularly by neo @-@ Kantianism, to which he had been exposed through Heinrich Rickert, his professorial colleague at the University of Freiburg. Especially important to Weber 's work is the neo @-@ Kantian belief that reality is essentially chaotic and incomprehensible, with all rational order deriving from the way in which the human mind focuses its attention on certain aspects of reality and organises the resulting perceptions. Weber 's opinions regarding the methodology of the social sciences show parallels with the work of contemporary neo @-@ Kantian philosopher and pioneering sociologist Georg Simmel.

Weber was also influenced by Kantian ethics, which he nonetheless came to think of as obsolete in a modern age lacking in religious certainties. In this last respect, the influence of Friedrich Nietzsche 's philosophy is evident. According to the Stanford Encyclopedia of Philosophy, the "deep tension between the Kantian moral imperatives and a Nietzschean diagnosis of the modern

cultural world is apparently what gives such a darkly tragic and agnostic shade to Weber 's ethical worldview". Another major influence in Weber 's life was the writings of Karl Marx and the workings of socialist thought in academia and active politics. While Weber shares some of Marx 's consternation with bureaucratic systems and maligns them as being capable of advancing their own logic to the detriment of human freedom and autonomy, Weber views conflict as perpetual and inevitable and does not host the spirit of a materially available utopia. Though the influence of his mother 's Calvinist religiosity is evident throughout Weber 's life and work, and though he maintained a deep, lifelong interest in the study of religions, Weber was open about the fact that he was personally irreligious.

As a political economist and economic historian , Weber belonged to the "youngest "German historical school of economics , represented by academics such as Gustav von Schmoller and his student Werner Sombart . But , even though Weber 's research interests were very much in line with that school , his views on methodology and the theory of value diverged significantly from those of other German historicists and were closer , in fact , to those of Carl Menger and the Austrian School , the traditional rivals of the historical school . (See section on Economics .)

= = = Methodology = = =

Unlike some other classical figures (Comte , Durkheim) Weber did not attempt , consciously , to create any specific set of rules governing social sciences in general , or sociology in particular . In comparison with Durkheim and Marx , Weber was more focused on individuals and culture and this is clear in his methodology . Whereas Durkheim focused on the society , Weber concentrated on the individuals and their actions (see structure and action discussion) and whereas Marx argued for the primacy of the material world over the world of ideas , Weber valued ideas as motivating actions of individuals , at least in the big picture .

Sociology, for Max Weber, is:

... a science which attempts the interpretive understanding of social action in order thereby to arrive at a causal explanation of its course and effects .

Weber was concerned with the question of objectivity and subjectivity . Weber distinguished social action from social behavior , noting that social action must be understood through how individuals subjectively relate to one another . Study of social action through interpretive means (Verstehen) must be based upon understanding the subjective meaning and purpose that individuals attach to their actions . Social actions may have easily identifiable and objective means , but much more subjective ends and the understanding of those ends by a scientist is subject to yet another layer of subjective understanding (that of the scientist) . Weber noted that the importance of subjectivity in social sciences makes creation of fool @-@ proof , universal laws much more difficult than in natural sciences and that the amount of objective knowledge that social sciences may achieve is precariously limited . Overall , Weber supported the goal of objective science , but he noted that it is an unreachable goal ? although one definitely worth striving for .

There is no absolutely "objective "scientific analysis of culture All knowledge of cultural reality ... is always knowledge from particular points of view an "objective "analysis of cultural events, which proceeds according to the thesis that the ideal of science is the reduction of empirical reality to "laws ", is meaningless ... [because] ... the knowledge of social laws is not knowledge of social reality but is rather one of the various aids used by our minds for attaining this end.

The principle of " methodological individualism ", which holds that social scientists should seek to understand collectivities (such as nations , cultures , governments , churches , corporations , etc .) solely as the result and the context of the actions of individual persons , can be traced to Weber , particularly to the first chapter of Economy and Society , in which he argues that only individuals " can be treated as agents in a course of subjectively understandable action " . In other words , Weber argued that social phenomena can be understood scientifically only to the extent that they are captured by models of the behaviour of purposeful individuals , models that Weber called " ideal types " , from which actual historical events will necessarily deviate due to accidental and irrational factors . The analytical constructs of an ideal type never exist in reality , but provide objective

benchmarks against which real @-@ life constructs can be measured.

We know of no scientifically ascertainable ideals . To be sure , that makes our efforts more arduous than in the past , since we are expected to create our ideals from within our breast in the very age of subjectivist culture .

Weber 's methodology was developed in the context of a wider debate about methodology of social sciences, the Methodenstreit. Weber 's position was close to historicism, as he understood social actions as being heavily tied to particular historical contexts and its analysis required the understanding of subjective motivations of individuals (social actors). Thus Weber 's methodology emphasises the use of comparative historical analysis. Therefore, Weber was more interested in explaining how a certain outcome was the result of various historical processes rather than predicting an outcome of those processes in the future.

= = = Rationalisation = = =

Many scholars have described rationalisation and the question of individual freedom in an increasingly rational society, as the main theme of Weber 's work. This theme was situated in the larger context of the relationship between psychological motivations, cultural values and beliefs (primarily, religion) and the structure of the society (usually determined by the economy).

By rationalisation, Weber understood first, the individual cost @-@ benefit calculation, second, the wider, bureaucratic organisation of the organisations and finally, in the more general sense as the opposite of understanding the reality through mystery and magic (disenchantment).

The fate of our times is characterised by rationalisation and intellectualisation and , above all , by the " disenchantment of the world "

Weber began his studies of the subject in The Protestant Ethic and the Spirit of Capitalism , in which he argued that the redefinition of the connection between work and piety in Protestantism and especially in ascetic Protestant denominations , particularly Calvinism , shifted human effort towards rational efforts aimed at achieving economic gain . In Protestant religion , Christian piety towards God was expressed through one 's secular vocation (secularisation of calling) . The rational roots of this doctrine , he argued , soon grew incompatible with and larger than the religious and so the latter were eventually discarded .

Weber continued his investigation into this matter in later works , notably in his studies on bureaucracy and on the classification of legitimate authority into three types ? Rational @-@ legal , traditional and charismatic ? of which the rational @-@ legal (through bureaucracy) is the dominant one in the modern world . In these works Weber described what he saw as society 's movement towards rationalisation . Similarly , rationalisation could be seen in the economy , with the development of highly rational and calculating capitalism . Weber also saw rationalisation as one of the main factors setting the European West apart from the rest of the world . Rationalisation relied on deep changes in ethics , religion , psychology and culture ; changes that first took place in the Western civilisation .

What Weber depicted was not only the secularisation of Western culture, but also and especially the development of modern societies from the viewpoint of rationalisation. The new structures of society were marked by the differentiation of the two functionally intermeshing systems that had taken shape around the organisational cores of the capitalist enterprise and the bureaucratic state apparatus. Weber understood this process as the institutionalisation of purposive @-@ rational economic and administrative action. To the degree that everyday life was affected by this cultural and societal rationalisation, traditional forms of life? which in the early modern period were differentiated primarily according to one 's trade? were dissolved.

Features of rationalisation include increasing knowledge, growing impersonality and enhanced control of social and material life. Weber was ambivalent towards rationalisation; while admitting it was responsible for many advances, in particular, freeing humans from traditional, restrictive and illogical social guidelines, he also criticised it for dehumanising individuals as "cogs in the machine" and curtailing their freedom, trapping them in the bureaucratic iron cage of rationality and bureaucracy. Related to rationalisation is the process of disenchantment, in which the world is

becoming more explained and less mystical, moving from polytheistic religions to monotheistic ones and finally to the Godless science of modernity. Those processes affect all of society, removing "sublime values ... from public life" and making art less creative.

In a dystopian critique of rationalisation, Weber notes that modern society is a product of an individualistic drive of the Reformation, yet at the same time, the society created in this process is less and less welcoming of individualism.

How is it at all possible to salvage any remnants of " individual " freedom of movement in any sense given this all @-@ powerful trend?

= = = Sociology of religion = = =

Weber 's work in the field of sociology of religion started with the essay The Protestant Ethic and the Spirit of Capitalism and continued with the analysis of The Religion of China: Confucianism and Taoism, The Religion of India: The Sociology of Hinduism and Buddhism and Ancient Judaism. His work on other religions was interrupted by his sudden death in 1920, which prevented him from following Ancient Judaism with studies of early Christianity and Islam. His three main themes in the essays were the effect of religious ideas on economic activities, the relation between social stratification and religious ideas and the distinguishable characteristics of Western civilisation.

Weber saw religion as one of the core forces in society . His goal was to find reasons for the different development paths of the cultures of the Occident and the Orient , although without judging or valuing them , like some of the contemporary thinkers who followed the social Darwinist paradigm ; Weber wanted primarily to explain the distinctive elements of the Western civilisation . In the analysis of his findings , Weber maintained that Calvinist (and more widely , Protestant) religious ideas had had a major impact on the social innovation and development of the economic system of the West , but noted that they were not the only factors in this development . Other notable factors mentioned by Weber included the rationalism of scientific pursuit , merging observation with mathematics , science of scholarship and jurisprudence , rational systematisation and bureaucratisation of government administration and economic enterprise . In the end , the study of the sociology of religion , according to Weber , focused on one distinguishing part of the Western culture , the decline of beliefs in magic , or what he referred to as " disenchantment of the world " .

Weber also proposed a socioevolutionary model of religious change, showing that in general, societies have moved from magic to polytheism, then to pantheism, monotheism and finally, ethical monotheism. According to Weber, this evolution occurred as the growing economic stability allowed professionalisation and the evolution of ever more sophisticated priesthood. As societies grew more complex and encompassed different groups, a hierarchy of gods developed and as power in the society became more centralised, the concept of a single, universal God became more popular and desirable.

= = = = The Protestant Ethic and the Spirit of Capitalism = = = =

Weber 's essay The Protestant Ethic and the Spirit of Capitalism is his most famous work . It is argued that this work should not be viewed as a detailed study of Protestantism , but rather as an introduction into Weber 's later works , especially his studies of interaction between various religious ideas and economic behaviour as part of the rationalisation of the economic system . In The Protestant Ethic and the Spirit of Capitalism , Weber put forward the thesis that Calvinist ethic and ideas influenced the development of capitalism . He noted the post @-@ Reformation shift of Europe 's economic centre away from Catholic countries such as France , Spain and Italy , and toward Protestant countries such as the Netherlands , England , Scotland and Germany . Weber also noted that societies having more Protestants were those with a more highly developed capitalist economy . Similarly , in societies with different religions , most successful business leaders were Protestant . Weber thus argued that Roman Catholicism impeded the development of the capitalist economy in the West , as did other religions such as Confucianism and Buddhism elsewhere in the world .

The development of the concept of the calling quickly gave to the modern entrepreneur a fabulously clear conscience? and also industrious workers; he gave to his employees as the wages of their ascetic devotion to the calling and of co @-@ operation in his ruthless exploitation of them through capitalism the prospect of eternal salvation.

Christian religious devotion had historically been accompanied by rejection of mundane affairs, including economic pursuit. Weber showed that certain types of Protestantism? notably Calvinism ? were supportive of rational pursuit of economic gain and worldly activities dedicated to it , seeing them as endowed with moral and spiritual significance. Weber argued that there were many reasons to look for the origins of modern capitalism in the religious ideas of the Reformation . In particular, the Protestant ethic (or more specifically, Calvinist ethic) motivated the believers to work hard, be successful in business and reinvest their profits in further development rather than frivolous pleasures. The notion of calling meant that each individual had to take action as an indication of their salvation; just being a member of the Church was not enough. Predestination also reduced agonising over economic inequality and further, it meant that a material wealth could be taken as a sign of salvation in the afterlife. The believers thus justified pursuit of profit with religion, as instead of being fuelled by morally suspect greed or ambition, their actions were motivated by a highly moral and respected philosophy. This Weber called the "spirit of capitalism": it was the Protestant religious ideology that was behind? and inevitably led to? the capitalist economic system. This theory is often viewed as a reversal of Marx 's thesis that the economic " base " of society determines all other aspects of it.

Weber abandoned research into Protestantism because his colleague Ernst Troeltsch , a professional theologian , had begun work on the book The Social Teachings of the Christian Churches and Sects . Another reason for Weber 's decision was that Troeltsch 's work already achieved what he desired in that area : laying the groundwork for a comparative analysis of religion and society .

The phrase "work ethic "used in modern commentary is a derivative of the "Protestant ethic "discussed by Weber. It was adopted when the idea of the Protestant ethic was generalised to apply to the Japanese people, Jews and other non @-@ Christians and thus lost its religious connotations.

= = = The Religion of China : Confucianism and Taoism = = =

The Religion of China: Confucianism and Taoism was Weber 's second major work on the sociology of religion. Hans H. Gerth edited and translated this text into English, with an introduction by C. K. Wang. Weber focused on those aspects of Chinese society that were different from those of Western Europe, especially those aspects that contrasted with Puritanism. His work also questioned why capitalism did not develop in China. He focused on the issues of Chinese urban development, Chinese patrimonialism and officialdom and Chinese religion and philosophy (primarily, Confucianism and Taoism), as the areas in which Chinese development differed most distinctively from the European route.

According to Weber , Confucianism and Puritanism are mutually exclusive types of rational thought , each attempting to prescribe a way of life based on religious dogma . Notably , they both valued self @-@ control and restraint and did not oppose accumulation of wealth . However , to both those qualities were just means to the final goal and here they were divided by a key difference . Confucianism 's goal was " a cultured status position " , while Puritanism 's goal was to create individuals who are " tools of God " . The intensity of belief and enthusiasm for action were rare in Confucianism , but common in Protestantism . Actively working for wealth was unbecoming a proper Confucian . Therefore , Weber states that it was this difference in social attitudes and mentality , shaped by the respective , dominant religions , that contributed to the development of capitalism in the West and the absence of it in China .

The Religion of India: The Sociology of Hinduism and Buddhism was Weber 's third major work on the sociology of religion. In this work he deals with the structure of Indian society, with the orthodox doctrines of Hinduism and the heterodox doctrines of Buddhism, with modifications brought by the influence of popular religiosity and finally with the impact of religious beliefs on the secular ethic of Indian society. In Weber 's view, Hinduism in India, like Confucianism in China, was a barrier for capitalism. The Indian caste system made it very difficult for individuals to advance in the society beyond their caste. Activity, including economic activity, was seen as unimportant in the context of the advancement of the soul.

Weber ended his research of society and religion in India by bringing in insights from his previous work on China to discuss similarities of the Asian belief systems . He notes that the beliefs saw the meaning of life as otherworldly mystical experience . The social world is fundamentally divided between the educated elite , following the guidance of a prophet or wise man and the uneducated masses whose beliefs are centered on magic . In Asia , there was no Messianic prophecy to give plan and meaning to the everyday life of educated and uneducated alike . Weber juxtaposed such Messianic prophecies (also called ethical prophecies) , notably from the Near East region to the exemplary prophecies found on the Asiatic mainland , focused more on reaching to the educated elites and enlightening them on the proper ways to live one 's life , usually with little emphasis on hard work and the material world . It was those differences that prevented the countries of the Occident from following the paths of the earlier Chinese and Indian civilisations . His next work , Ancient Judaism was an attempt to prove this theory .

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= = = = Ancient Judaism = = =
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In Ancient Judaism , his fourth major work on the sociology of religion , Weber attempted to explain the factors that resulted in the early differences between Oriental and Occidental religiosity . He contrasted the innerworldly asceticism developed by Western Christianity with mystical contemplation of the kind developed in India . Weber noted that some aspects of Christianity sought to conquer and change the world , rather than withdraw from its imperfections . This fundamental characteristic of Christianity (when compared to Far Eastern religions) stems originally from ancient Jewish prophecy .

Weber claimed that Judaism not only fathered Christianity and Islam, but was crucial to the rise of the modern Occidental state; Judaism 's influence was as important as Hellenistic and Roman cultures.

Weber 's premature death in 1920 prevented him from following his planned analysis of Psalms, the Book of Job, Talmudic Jewry, early Christianity and Islam.

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= = = Economy and Society = = = =
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Weber 's magnum opus Economy and Society is a collection of his essays which he was working on at the time of his death in 1920. After his death, the final organization and editing of the book fell to his widow Marianne Weber. The final German form published in 1921 reflected very much Marianne Weber 's work and intellectual commitment. Beginning in 1956, the German jurist Johannes Wincklemann began editing and organizing the German edition of Economy and Society based on his study of the papers that Weber left at his death.

English versions of Economy and Society were published as a collected volume in 1968 as edited by Gunther Roth and Claus Wittich . As a result of the various editions in German and English , there are differences between the organization of the different volumes .

Economy and Society includes a wide range of essays dealing with Weber 's views regarding Sociology, Social Philosophy, Politics, Social Stratification, World Religion, Diplomacy, and other subjects. The book is typically published in a two volume set in both German and English, and is more than 1000 pages long.

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= = = = Theodicy of Fortune and Misfortune = = = =
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The Theodicy of fortune and misfortune within sociology is the theory , as Weber suggested , of how " members of different social classes adopt different belief systems , or theodices , to explain their social situation " .

The concept of theodicy was expanded mainly with the thought of Weber and his addition of ethical considerations to the subject of religion . There is this ethical part of religion , including " (1) soteriology and (2) theodicy . These mean , respectively , how people understand themselves to be able to be in a correct relationship with supernatural powers , and how to explain evil ? or why bad things seem to happen to those who seem to be good people " . There is a separation of different theodicies with regard to class . " Theodicies of misfortune tend to the belief that wealth and other manifestations of privilege are indications or signs of evil In contrast , theodicies of fortune emphasise the notion that privileges are a blessing and are deserved . " Weber also writes that " the affluent embrace good fortune theodicies , which emphasise that prosperity is a blessing of God ... [while] theodices of misfortune emphasise that affluence is a sign of evil and that suffering in this world will be rewarded in the next . " Thus these two distinctions can be applied not only to class structure within society but denomination and racial segregation within religion .

Weber defines the importance of societal class within religion by examining the difference between the two theodicies and to what class structures they apply . The concept of " work ethic " is attached to the theodicy of fortune; thus , because of the Protestant " work ethic " , there was a contribution of higher class outcomes and more education among Protestants . Those without the work ethic clung to the theodicy of misfortune , believing wealth and happiness were granted in the afterlife . Another example of how this belief of religious theodicy influences class , is that those of lower status , the poor , cling to deep religiousness and faith as a way to comfort themselves and provide hope for a more prosperous future , while those of higher status cling to the sacraments or actions that prove their right of possessing greater wealth .

These two theodicies can be found in the denominational segregation within the religious community . The main division can be seen between the mainline Protestant and evangelical denominations and their relation to the class into which their particular theodicy pertains . For example , mainline churches , with their upper class congregations , " promote [d] order , stability , and conservatism , and in so doing proved to be a powerful source of legitimation of the status quo and of existing disparities in the distribution of wealth and power " because much of the wealth of the church comes from the congregation . In contrast , Pentecostal churches adopted the theodicy of misfortune . They instead " advocated change intended to advance the cause of justice and fairness " . Thus the learned and upper class religious churches who preach the theodicy of fortune , ultimately support capitalism and corporation , while the churches who adopted the theodicy of misfortune , instead preached equality and fairness .

= = = Politics and government = = =

In political sociology , one of Weber 's most influential contributions is his " Politics as a Vocation " (Politik als Beruf) essay . Therein , Weber unveils the definition of the state as that entity that possesses a monopoly on the legitimate use of physical force . , Weber wrote that politics is the sharing of state 's power between various groups , and political leaders are those who wield this power . A politician must not be a man of the " true Christian ethic " , understood by Weber as being the ethic of the Sermon on the Mount , that is to say , the injunction to turn the other cheek . An adherent of such an ethic ought rather to be understood to be a saint , for it is only saints , according to Weber , that can appropriately follow it . The political realm is no realm for saints ; a politician ought to marry the ethic of attitude and the ethic of responsibility (" Verantwortungsethik vs Gesinnungsethik ") and must possess both a passion for his vocation and the capacity to distance himself from the subject of his exertions (the governed) .

Weber distinguished three ideal types of political leadership (alternatively referred to as three types of domination , legitimisation or authority) :

charismatic domination (familial and religious),

traditional domination (patriarchs, patrimonialism, feudalism) and legal domination (modern law and state, bureaucracy).

In his view , every historical relation between rulers and ruled contained such elements and they can be analysed on the basis of this tripartite distinction . He notes that the instability of charismatic authority forces it to " routinise " into a more structured form of authority . In a pure type of traditional rule , sufficient resistance to a ruler can lead to a " traditional revolution " . The move towards a rational @-@ legal structure of authority , utilising a bureaucratic structure , is inevitable in the end . Thus this theory can be sometimes viewed as part of the social evolutionism theory . This ties to his broader concept of rationalisation by suggesting the inevitability of a move in this direction .

Bureaucratic administration means fundamentally domination through knowledge .

Weber described many ideal types of public administration and government in his masterpiece Economy and Society (1922). His critical study of the bureaucratisation of society became one of the most enduring parts of his work. It was Weber who began the studies of bureaucracy and whose works led to the popularisation of this term. Many aspects of modern public administration go back to him and a classic, hierarchically organised civil service of the Continental type is called "Weberian civil service". As the most efficient and rational way of organising, bureaucratisation for Weber was the key part of the rational @-@ legal authority and furthermore, he saw it as the key process in the ongoing rationalisation of the Western society.

Weber listed several preconditions for the emergence of the bureaucracy: The growth in space and population being administered, the growth in complexity of the administrative tasks being carried out and the existence of a monetary economy? these resulted in a need for a more efficient administrative system. Development of communication and transportation technologies made more efficient administration possible (and popularly requested) and democratisation and rationalisation of culture resulted in demands that the new system treat everybody equally.

Weber 's ideal bureaucracy is characterised by hierarchical organisation, by delineated lines of authority in a fixed area of activity, by action taken (and recorded) on the basis of written rules, by bureaucratic officials needing expert training, by rules being implemented neutrally and by career advancement depending on technical qualifications judged by organisations, not by individuals.

The decisive reason for the advance of the bureaucratic organisation has always been its purely technical superiority over any other form of organisation.

While recognising bureaucracy as the most efficient form of organisation and even indispensable for the modern state , Weber also saw it as a threat to individual freedoms and the ongoing bureaucratisation as leading to a " polar night of icy darkness " , in which increasing rationalisation of human life traps individuals in the aforementioned " iron cage " of bureaucratic , rule @-@ based , rational control . In order to counteract bureaucrats , the system needs entrepreneurs and politicians

= = = = Social stratification = = = =

Weber also formulated a three @-@ component theory of stratification , with social class , social status and political party as conceptually distinct elements . The three @-@ component theory of stratification is in contrast to Karl Marx simpler theory of social class which ties all social stratification to what people own . In Weber 's theory , issues of honor and prestige are important . This distinction is most clearly described in Weber 's essay " Classes , Staende , Parties " which was first published in his book Economy and Society . The three components of Weber 's theory are :

Social Class which is based on economically determined relationship to the market (owner , renter , employee etc .) .

Status (or in German Stand) which is based on non @-@ economic qualities like honour, prestige and religion.

Party which refers to affiliations in the political domain.

All three dimensions have consequences for what Weber called "life chances " (opportunities to improve one 's life).

Weber scholars recognize that it is important to maintain a sharp distinction between the terms "

status " and " class, " even though they tend to be used interchangeably in popular usage.

= = = Study of the city = = =

As part of his overarching effort to understand the unique development of the Western world , Weber produced a detailed general study of the city as the characteristic locus of the social and economic relations , political arrangements , and ideas that eventually came to define the West . This resulted in a monograph titled The City , which was probably compiled from research conducted in 1911 ? 1913 , and which was published posthumously in 1921 . In 1924 it was incorporated into the second part of his Economy and Society , as chapter XVI , " The City (Non @-@ legitimate Domination) " .

According to Weber , the city as a politically autonomous organisation of people living in close proximity , employed in a variety of specialised trades , and physically separated from the surrounding countryside , only fully developed in the West and to a great extent shaped its cultural evolution :

The origin of a rational and inner @-@ worldly ethic is associated in the Occident with the appearance of thinkers and prophets [...] who developed in a social context that was alien to the Asiatic cultures . This context consisted of the political problems engendered by the bourgeois status @-@ group of the city , without which neither Judaism , nor Christianity , nor the development of Hellenistic thinking are conceivable .

Weber argued that Judaism , early Christianity , theology , and later the political party and modern science , were only possible in the urban context that reached a full development in the West alone . He also saw in the history of medieval European cities the rise of a unique form of " non @-@ legitimate domination " that successfully challenged the existing forms of legitimate domination (traditional , charismatic , and rational @-@ legal) that had prevailed until then in the Medieval world . This new domination was based on the great economic and military power wielded by the organised community of city @-@ dwellers (" citizens ") .

= = = Economics = = =

Weber regarded himself primarily as a " political economist " , and all of his professorial appointments were in economics , though today his contributions in that field are largely overshadowed by his role as a founder of modern sociology . As an economist , Weber belonged to the " youngest " German historical school of economics . The great differences between that school 's interests and methods on the one hand and those of the neoclassical school (from which modern mainstream economics largely derives) on the other , explain why Weber 's influence on economics today is hard to discern .

Max Weber was a pioneer in delineating a connection between capitalism and exceptionalism . In earlier texts , Maximiliano Korstanje explores the American exceptionalism and its effects on the current means of productions . This contribution to the existent literature is of paramount importance because of two main reasons . The first and most important , he relates capitalism to Protestantism . This is of course nothing new , since Max Weber did it in the past . However , Korstanje adds , though Weber was in the correct side by confirming the connection of Reform and Capitalism , the key role played by Norse Mythology was left behind . In effect , the concept of predestination as it has been discussed by Weber did not come from Luther alone . It was rather enrooted in the core of Norse Culture . Secondly , this impossibility to understand the future led to English speaking societies to construct a risk @-@ prone culture , which resulted in what Ulrich Beck dubbed the ? Risk Society ? . The criticism exerted in the uneven distribution of Capitalism should be explained by the ? economy of salved peoples ? formulated by Weber .

= = = = Methodological individualism = = = =

Though his research interests were always in line with those of the German historicists, with a

strong emphasis on interpreting economic history , Weber 's defence of " methodological individualism " in the social sciences represented an important break with that school and an embracing of many of the arguments that had been made against the historicists by Carl Menger , the founder of the Austrian School of economics , in the context of the academic Methodenstreit (" debate over methods ") of the late 19th century . The phrase " methodological individualism " , which has come into common usage in modern debates about the connection between microeconomics and macroeconomics , was coined by the Austrian @-@ American economist Joseph Schumpeter in 1908 as a way of referring to the views of Weber . According to Weber 's theses , social research cannot be fully inductive or descriptive , because understanding some phenomenon implies that the researcher must go beyond mere description and interpret it ; interpretation requires classification according to abstract " ideal (pure) types " . This , together with his antipositivistic argumentation (see Verstehen) , can be taken as a methodological justification for the model of the " rational economic man " (homo economicus) , which is at the heart of modern mainstream economics .

= = = = Marginalism and psychophysics = = = =

Unlike other historicists , Weber also accepted the marginal theory of value (also called " marginalism ") and taught it to his students . In 1908 , Weber published an article in which he drew a sharp methodological distinction between psychology and economics and attacked the claims that the marginal theory of value in economics reflected the form of the psychological response to stimuli as described by the Weber @-@ Fechner law . Max Weber 's article has been cited as a definitive refutation of the dependence of the economic theory of value on the laws of psychophysics by Lionel Robbins , George Stigler , and Friedrich Hayek , though the broader issue of the relation between economics and psychology has come back into the academic debate with the development of " behavioral economics " .

= = = = Economic history = = =

Weber 's best known work in economics concerned the preconditions for capitalist development , particularly the relations between religion and capitalism , which he explored in The Protestant Ethic and the Spirit of Capitalism as well as in his other works on the sociology of religion . He argued that bureaucratic political and economic systems emerging in the Middle Ages were essential in the rise of modern capitalism (including rational book @-@ keeping and organisation of formally free labour) , while they were a hindrance in the case of ancient capitalism , which had a different social and political structure based on conquest , slavery , and the coastal city @-@ state . Other contributions include his early work on the economic history of Roman agrarian society (1891) and on the labour relations in Eastern Germany (1892), his analysis of the history of commercial partnerships in the Middle Ages (1889), his critique of Marxism, the discussion of the roles of idealism and materialism in the history of capitalism in his Economy and Society (1922) and his General Economic History (1923), a notable example of the kind of empirical work associated with the German Historical School.

Although today Weber is primarily read by sociologists and social philosophers , Weber 's work did have a significant influence on Frank Knight , one of the founders of the neoclassical Chicago school of economics , who translated Weber 's General Economic History into English in 1927 . Knight also wrote in 1956 that Max Weber was the only economist who dealt with the problem of understanding the emergence of modern capitalism " from the angle which alone can yield an answer to such questions , that is , the angle of comparative history in the broad sense " .

= = = Economic calculation = = = =

Weber, like his colleague Werner Sombart, regarded economic calculation and especially the double @-@ entry bookkeeping method of business accounting, as one of the most important

forms of rationalisation associated with the development of modern capitalism. Weber 's preoccupation with the importance of economic calculation led him to develop a critique of socialism as a system that lacked a mechanism for allocating resources efficiently in order to satisfy human needs. Socialist intellectuals like Otto Neurath had realised that in a completely socialised economy, prices would not exist and central planners would have to resort to in @-@ kind (rather than monetary) economic calculation. According to Weber, this type of coordination would be inefficient, especially because it would be incapable of solving the problem of imputation (i.e. of accurately determining the relative values of capital goods). Weber wrote that, under full socialism,

In order to make possible a rational utilisation of the means of production , a system of in @-@ kind accounting would have to determine " value " ? indicators of some kind for the individual capital goods which could take over the role of the " prices " used in book valuation in modern business accounting . But it is not at all clear how such indicators could be established and in particular , verified ; whether , for instance , they should vary from one production unit to the next (on the basis of economic location) , or whether they should be uniform for the entire economy , on the basis of " social utility " , that is , of (present and future) consumption requirements [...] Nothing is gained by assuming that , if only the problem of a non @-@ monetary economy were seriously enough attacked , a suitable accounting method would be discovered or invented . The problem is fundamental to any kind of complete socialisation . We cannot speak of a rational " planned economy " so long as in this decisive respect we have no instrument for elaborating a rational " plan "

This argument against socialism was made independently , at about the same time , by Ludwig von Mises . Weber himself had a significant influence on Mises , whom he had befriended when they were both at the University of Vienna in the spring of 1918 , and , through Mises , on several other economists associated with the Austrian School in the 20th century . Friedrich Hayek in particular elaborated the arguments of Weber and Mises about economic calculation into a central part of free market economics 's intellectual assault on socialism , as well as into a model for the spontaneous coordination of " dispersed knowledge " in markets .

= = Legacy = =

The prestige of Max Weber among European social scientists would be difficult to over @-@ estimate. He is widely considered the greatest of German sociologists and ... has become a leading influence in European and American thought.

Weber 's most influential work was on economic sociology , political sociology , and the sociology of religion . Along with Karl Marx and Émile Durkheim , he is commonly regarded as one of the founders of modern sociology . But whereas Durkheim , following Comte , worked in the positivist tradition , Weber was instrumental in developing an antipositivist , hermeneutic , tradition in the social sciences . In this regard he belongs to a similar tradition as his German colleagues Werner Sombart , Georg Simmel , and Wilhelm Dilthey , who stressed the differences between the methodologies appropriate to the social and the natural sciences .

Weber presented sociology as the science of human social action; action that he separated into traditional, affectional, value @-@ rational and instrumental.

[Sociology is] the science whose object is to interpret the meaning of social action and thereby give a causal explanation of the way in which the action proceeds and the effects which it produces . By " action " in this definition is meant the human behaviour when and to the extent that the agent or agents see it as subjectively meaningful [...] the meaning to which we refer may be either (a) the meaning actually intended either by an individual agent on a particular historical occasion or by a number of agents on an approximate average in a given set of cases , or (b) the meaning attributed to the agent or agents , as types , in a pure type constructed in the abstract . In neither case is the " meaning " to be thought of as somehow objectively " correct " or " true " by some metaphysical criterion . This is the difference between the empirical sciences of action , such as sociology and history and any kind of a priori discipline , such as jurisprudence , logic , ethics , or aesthetics whose aim is to extract from their subject @-@ matter " correct " or " valid " meaning .

In his own time, however, Weber was viewed primarily as a historian and an economist. The breadth of Weber 's topical interests is apparent in the depth of his social theory:

The affinity between capitalism and Protestantism , the religious origins of the Western world , the force of charisma in religion as well as in politics , the all @-@ embracing process of rationalisation and the bureaucratic price of progress , the role of legitimacy and of violence as the offspring of leadership , the " disenchantment " of the modern world together with the never @-@ ending power of religion , the antagonistic relation between intellectualism and eroticism : all these are key concepts which attest to the enduring fascination of Weber 's thinking .

Many of Weber 's works famous today were collected, revised and published posthumously. Significant interpretations of his writings were produced by such sociological luminaries as Talcott Parsons and C. Wright Mills. Parsons in particular imparted to Weber 's works a functionalist, teleological perspective; this personal interpretation has been criticised for a latent conservatism.

Weber has influenced many later social theorists, such as Theodor Adorno, Max Horkheimer, György Lukács and Jürgen Habermas. Different elements of his thought were emphasised by Carl Schmitt, Joseph Schumpeter, Ludwig Lachmann, Leo Strauss, Hans Morgenthau, and Raymond Aron. According to Austrian economist Ludwig von Mises, who had met Weber during his time at the University of Vienna,

The early death of this genius was a great disaster for Germany . Had Weber lived longer , the German people of today would be able to look to this example of an " Aryan " who would not be broken by National Socialism .

Weber 's friend, the psychiatrist and existentialist philosopher Karl Jaspers, described him as " the greatest German of our era ". Weber 's untimely death felt to Jaspers " as if the German world had lost its heart ".

= = Critical responses to Weber = =

Weber 's explanations are highly specific to the historical periods he analysed . Others though disagree , pointing out that despite the fact that Weber did write in the early twentieth century , his ideas remain alive and relevant for understanding issues like politics , bureaucracy , and social stratification today .

Many scholars , however , have disagreed with specific claims Weber makes in his historical analysis . For example , the economist Joseph Schumpeter argued that capitalism did not begin with the Industrial Revolution but in 14th century Italy . In Milan , Venice and Florence the small city @-@ state governments led to the development of the earliest forms of capitalism . In the 16th century Antwerp was a commercial centre of Europe . Also , the predominantly Calvinist country of Scotland did not enjoy the same economic growth as the Netherlands , England and New England . It has been pointed out that the Netherlands , which had a Calvinist majority , industrialised much later in the 19th century than predominantly Catholic Belgium , which was one of the centres of the Industrial Revolution on the European mainland . Emil Kauder expanded Schumpeter 's argument by arguing the hypothesis that Calvinism hurt the development of capitalism by leading to the development of the labour theory of value .