Capitalism and the Law in the Eyes of Max Weber

Author: Julius Jonathan Haunschild

Date: 10 January 2025

Keywords: Max Weber, capitalism, law, norms, coercion

ABSTRACT

This paper presents Max Weber's understanding of capitalism and the law by tracing their sociological, religious, and institutional foundations in "Die Protestantische Ethik und der „Geist" des Kapitalismus" and "Wirtschaft und Gesellschaft". It demonstrates how the Protestant ethic transformed traditional values and rationalized utilitarianism that precedes and sustains capitalism. Weber conceptualizes law as an evolving system of norms backed by the state's coercive apparatus, continuously legitimizing rule through formal predictability rather than religious tradition. Finally, the paper assesses the relevance of Weber's framework in modern societies, arguing that while changing norms have given way to modern consumer culture, the underlying dynamics of institutional rationalization remain central to understanding modern economies and representative democracies.

The Interdisciplinary

TABLE OF CONTENTS

1. Introduction 1
2. Max Weber's Understanding of Capitalism 2
2.1 The Religious Power Struggle 2
2.2 Defining the "Spirit" of Capitalism 4
2.3 The Relationship Between Capitalism and the "Spirit" of Capitalism 5
2.4 Weber's Understanding of Capitalism 6
3. Max Weber's Concept of Law and the Order of Society 8
3.1 Law as a Part of a Societal Order 8
3.2 Law in Rule (Rulership) 9
3.3 The Role of Coercion 10
3.4 Rationalization 11
4. Conclusion 12
4.1 Max Weber's Theories of Capitalism and the Law 12
4.2 Relevance of Weber's Theories Today 13
4.3 Outlook 14
Bibliography 15

1. Introduction

Max Weber counts as one of the most impactful figures in sociology. Important figures like the former minister of justice Dr. Marco Buschmann even go so far as to call him "one of the most important political thinkers in the German intellectual history", in an article for "FAZ Einspruch" he wrote during his time as federal minister (Buschmann, 2024). And it seems obvious that Weber's analyses are brilliant in character as they are largely applicable to today's economy and politics, even though his works were conceived during the time of the German empire.

The following paper will in essence deal with Max Weber's understanding of capitalism and the law. Weber explains his views by almost exclusively linking fields of study, for instance economics and religion, or law and society and while Weber himself would presumably contest if one can even separate these fields and sciences, the following paper will try exactly that, by distilling Weber's works into a focused overview of the specific understandings of capitalism and law from his point of view. With that in mind, there will on many occasions be instances where notions from other fields of study will be mentioned to underline and further explain Weber's thoughts. The paper is structured in a way that describes and explains some of Weber's concepts that are required to understand how he thinks and where his conclusions are drawn from. He wrote works in the field of law and economics, and fitting for a sociologist, highlighting connections and correlations from various perspectives and going in depth on how they impact other fields of studies as well. While extensive and in addition to his elaborate style of writing, one of the biggest challenges of analyzing Weber's thoughts is grasping the issue at hand, as to not miss the point he is trying to make to not lose the ability to go on, as many of his thoughts build on each other. His works range from the main sociologic fields of study analyzing connections between society and economics, law and religion to name some examples, to the sociology of music in his work "Die rationalen und soziologischen Grundlagen der Musik", published in 1921, a year after his death. This paper will predominantly focus on his works "Die protestantische Ethik und der "Geist" des Kapitalismus" first published in 1904 to analyze Weber's view on capitalism, as well as "Wirtschaft und Gesellschaft", in part also published posthumously in 1922[1] to analyze his

[1] "Wirtschaft und Gesellschaft" is the third of four parts of „Grundrisse der Sozialökonomik" which were published over 1921 and 1922.

view on law by chronologically dissecting his thought process to understand his conclusion and gain a comprehensive overview of his understanding of capitalism and the law.

2. Max Weber's Understanding of Capitalism

Max Weber's work, "Die Protestantische Ethik und der "Geist" des Kapitalismus", offers a profound analysis of the cultural and structural foundation of modern capitalism. Departing from simplistic economic explanations, Weber dives into the sociological approach of analyzing social, ethical and institutional frameworks and connections that became the cornerstone of modern capitalist practices.

2.1 The Religious Power Struggle

An integral part of Weber's understanding of capitalism, is the "spirit" of capitalism that precedes it. By arguing that the capitalist ethos is not characterized by a universal drive for wealth but by a rational, systematic approach to economic enterprise, he distinguishes this "spirit" of capitalism from mere economic activity. This ethos prioritizes efficiency, planning and discipline in labor, while moving away from traditional and religious values. Weber identifies a shift in the purpose of wealth accumulation, where modern capitalism revolves around reinvestment and growth, rather than consumption or immediate gratification (Weber 1922a, p. 52). To understand Weber's capitalistic understanding, further clarification of the origin of the "spirit" of capitalism is necessary.

Weber identifies the roots of capitalism and the "spirit" of capitalism in religion and a religious power struggle. Through statistics Weber shows, that ownership of capital and entrepreneurship has an inherent Protestant character in the educated upper class (Weber 1922a, p. 18). Capitalism usually leads to a social restructuring and reorganization of professions in the population and aforementioned statistics became even more conclusive the less factors of historic or other character hindered the capitalistic development, with historic evidence in Germany and Poland (Weber 1922a, p. 18 f.). Further Protestantism can historically be seen as a result of economic success through the ownership of significant amounts of capital and leading economic positions, that require capital and expensive education to achieve in the corporate business environment, and not as a source. Weber demonstrates this phenomenon with the historic example of the richest cities in the 16th century that all presented these conditions, which still profits Protestants during the time of Weber's writing (Weber 1922a,

p. 19). This is because change of the traditional economic situation and thinking leads to the desire of change in the traditional authority, specifically the religious authority. But Weber goes one step further by saying that one cannot eliminate the church as the primary ruler of life itself, and there must be another entity to replace it and implies that money becomes that ruler. This implies that while church is still a dominating factor in society's life, capitalism or the strive for economic growth becomes its primary factor[1]. However, this change is not a given, since societies with modern economic structures and the richest and economically most developed regions were still ruled by the Catholic church towards the end of the 15th century. Another contender and what significantly set the Protestant church apart was the Protestant Calvinist movement. While being regarded as an unfavorable form of religion in the ruling class of Geneva, the Netherlands and Great Britain, for ruling too little over everyday life, economically advanced countries and especially their middle class adopted Calvinism during their economic uprising (Weber 1922a, p. 20).

Weber goes on to explain differences in the development of Catholic and Protestant children and young adults, especially in their type of education and the level of profession they strive for, often coinciding with wealth and standing[2], however the important observation is that the skilled Protestant workers that have finished learning their craft left their place of work to strive for higher positions while their Catholic counterparts stayed to perfect their craft. This is due to parental and religious education (Weber 1922a, p. 21 ff.). Mostly Catholicism, but also somewhat Protestantism outside of Germany[3], possesses what Weber calls a "worldly disconnect", in which children are brought up with an idealistic and worldview that leads to a greater indifference towards materialistic goods and in turn to a safer and quieter life, as opposed to one that brings status and riches (Weber 1922a, p.24 f.). A saying goes as follows: "Either eat well or sleep well." And while Weber relativizes this direct causality towards an intrinsic relationship, it still serves as an initial characterization of Weber's view on capitalism: A somewhat disconnect towards ideals breeds success and riches (Weber 1922a, p.25).

[1] Capitalism in this case becoming a "religious" entity in the religious power struggle
[2] A causal relationship is explicitly disproven in many instances
[3] Weber mentions the puritains from Britain, the Netherlands and northern America, as well as the French clavinists

2.2 Defining the "Spirit" of Capitalism

To approach Weber's understanding of capitalism, he utilizes historic relationships and contexts (Weber 1922a, p.30). He understands that this approach will give results of only select instances with what he calls individual coloring, that must be dissected to give a more general explanation. His explanation will therefore deliver a definition of only the essential parts of what he calls the "spirit" of capitalism, while realizing the limit of not being able to include every possible historic phenomenon. This in turn means that this explanation will not result in a definition, but rather an illustration of the meaning behind his "spirit" of capitalism. (Weber 1922a, p.31)

Excerpts from Benjamin Franklin's works[1] presenting an ethos of how to view and deal with money that are mockingly called the "Creed of Yankeehood" by Ferdinand Kürnberger serve as a foundation of Weber's research (Weber 1922a, p. 33). He deems them a suitable subject as they have no religious connotation and therefore can be taken at face value[2] (Weber 1922a p.31). Kürnberger is somewhat proven right as Weber analyzed that all religious authority can't be eliminated but has to be replaced and that money becomes the new authority with a somewhat religious character (Weber 1922a, p. 20), Franklin's sentences elevate money from a necessity in everyday life to the ruler and authority over it, as well as the source of virtuosity when being obedient to said rules. It is furthermore not accurate to deem disobedience to these rules as foolishness, but rather a deliberate neglect of duties. Jakob Fugger strove to be on top, always profited the most he could and deemed any reduction in one's ambitions as proof of decline in confidence and decisiveness. He serves as a second source of capitalistic thinking, which Weber coins as the foundation of modern capitalism (Weber 1922a, p. 33). He compares it to capitalism from different parts of the world and eras which is different in its sense of and strive for ownership. This leads to Weber's conclusion that modern capitalism is utilitarian and therefore this ethos is intended to teach virtues not to be virtuous but only to seem virtuous with the ultimate goal to achieve personal gain (Weber 1922a, p. 34). Therefore, a core part of capitalism is any monetary gain beyond the purpose of satisfying material needs of life (Weber 1922a, p. 36). This leads Weber to identify a virtuous work ethic as the moral of Franklin and ultimately as the one true virtue Franklin lives by. This

[1] Advice to a young tradesman (1748), Works ed. Sparks Vol. II p. 87 ; Essay: Necessary hints to those that would be rich (1736).
[2] Weber specifies that Franklins work is "without preconditions", which is necessary, since the "spirit" in the "spirit of capitalism" has an intrinsic religious connotation.

duty of every person towards their profession or occupation regardless of their personal attitude towards it is at the center of capitalism (Weber 1922a, p. 36).

2.3 The Relationship Between Capitalism and the "Spirit" of Capitalism

This, however, does not explicitly identify Weber's understanding of either capitalism or the "spirit" of capitalism. This is due to the close interrelation of the two, with the "spirit" encapsulating what capitalistic behavior is and means, leading to the assumption that it stems from capitalism itself. The following will disprove this assumption.

Capitalism serves as the governing power that imposes strict rules. Failure to comply results in ejection from its framework, meaning bankruptcy or unemployment, which leads to a suitable selection of subjects. This framework of rules is not changeable by any individual. However, the existence of the selection implies that groups of people coined a certain way of thinking that serves as a basis of the values in the selection (Weber 1922a, p. 37). This way of thinking has two origins, one in commerce and one in religion, both before what Weber calls the "capitalistic development", which leads Weber to the conclusion, that the spirit of capitalism emerged and existed before it. He supports this by giving a historic example that there were complaints about "profit addiction" in 1632 (Weber 1922a, p. 37f). Furthermore, the sheer existence of the spirit of capitalism suggests that it developed somehow. Weber delves into how capitalistic thinking has its roots in the commonly frowned upon notion of greed in Ancient Times and the Middle Ages, meaning that it was nothing new, and even much more intense compared to the modern phenomenon Weber identifies in capitalistic behavior (Weber 1922a, p. 41).

The negative connotation has its roots in traditionalism led to workers only working as much as they had to, to satisfy their needs and not to gain the most out of their work, meaning that working serves the purpose of living and not the purpose of earning the most amount of money[1] (Weber 1922a, p. 43 f.). Weber supports this by leading with the example of especially unmarried German women who are stubborn towards change in their way of work or pay, no matter the possible benefits those changes may yield (Weber 1922a, p. 47).

Over time capitalistic opportunities changed only in their form but not in character, with the important difference being tradition that accompanied it, which used to at most tolerate economic success as something unpleasant, but unavoidable (Weber 1922a, p. 43). However,

[1] Weber simplifies this thought with the question of "How much do I have to work to satisfy my traditional needs?".

tradition faded over time, paving the way for the "spirit" of capitalism becoming a mass phenomenon, meaning that a life oriented towards work and economic success was something to strive for (Weber 1922a, p. 42). This is also part of the Protestant ethos that encouraged what Weber calls the "inner-worldly asceticism", leading towards a life with less pleasure (Weber 1922a, p. 39).

An important distinction, however, must be made between the ethos that emerged from Franklin, Fugger and similar figures and the "spirit" of capitalism. Weber established a shift in religious priorities, where capitalism or more accurately money became a "quasi-religious" figure which was prioritized over the traditional religion. Religion however still has a significant impact on the capitalistic inclinations as well as the strive for social standing and thereby the ethos of people which varies between religions (Weber 1922a, p. 248). Weber specifically mentions that rewards are not solely in economic nature, but also psychological nature (Weber 1922a, p. 40 f.). The translation towards the religious perspective leads to the core of the "spirit" of capitalism, in which a drive for rewards or goods is not limited to the "living plane" but also includes the "beyond"[1]. Therefore, what Weber calls the "spirit" of capitalism is in its core not solely of capitalistic character as we understand it from an economic standpoint but a fusion of many traditional convictions, influenced greatly by religious and historical factors. It consists of many ethoses, originating in religious beliefs that led to circumstances that greatly impacted the cultural perception and acceptance of the economic drive.

2.4 Weber's Understanding of Capitalism

Weber understands the clinging to religious and overall traditional values as "traditionalist slouch". He still deems religious surroundings in an upbringing as a requirement for capitalism and capitalistic thinking, however insistence on tradition inhibits the development of capitalism[2] (Weber 1922a, p. 45 ff.). As a result, employers began to lower wages to force workers to work more to be able to afford their standard of living. This also serves as a core theory of Calvinism in which "A people only works because and as long as it is poor", as Pieter de la Cour said (Weber 1922a, p. 45). Weber, however, contests that the effectivity of this maxim is bound to requirements, such as a population surplus to increase the availability

[1] The terms the "living plane" or the world in which our life takes place and the "beyond" or wherever life leads after death, serve as a simplification of how different religions understand or even have the concept of them.
[2] Weber established this by stating earlier that a traditional work ethic, promoted work only towards the point of satisfying personal needs.

of potential workers who are willing to work for little money (Weber 1922a, p. 45). Further, the utilization of a cheap and available labor force inhibits the shift towards qualitative forms of operation and promotes an increase of unsuitable workers in the workforce. Thirdly, Weber mentions that the region from which the workers originate from plays a role in their quality and willingness to work and lastly, he mentions that low wages fail, when production requires qualified work, the operation of fragile machinery or any form of focus and initiative. This is due to a required sense of responsibility or initiative which would incentivize the detachment from the question of how to gain the same traditional amount of money required to survive and enhance a sense of self-satisfaction with the completion of work, comparable to a calling which can only be a result of a lasting form of corporate upbringing (Weber 1922a, p. 46).

Another core point of Weber's view on capitalism is the one of rationalization that capitalism brought forward, where a supply chain is shortened with the intent of maximizing profit. This happened through what Weber calls the "Detailbusiness" in which the first actor in a supply chain established a relationship with the consumer by personalizing his product directly for him, removing any further actors in the supply chain that precede the consumer, thereby cutting costs, leading to a decrease in price and increasing quality in terms of meeting consumer needs. Where there used to be indifference from the producer perspective there was now a highly motivated, customer oriented way of production that paved the way for a competitive market through rationalization in which the inability to grow meant the inevitable demise of the business, which in turn lead to a cycle where business owners didn't conduct business in a way that built up their personal fortune, rather they invested profits back into the business to gain more profit, with the intent of growing their business instead of consuming themselves. This was the new principle of how business had to be conducted. (Weber 1922a, p. 52)

This development usually wasn't caused by new money, regardless of where it came from, but rather the "spirit" of capitalism taking over[1] (Weber 1922a, p.52 f.). To answer the question of how capitalism came to be, Weber therefore concludes that one doesn't have to look at the origin of utilizable capital but rather the development of the spirit of capitalism, since it creates money as a means to its effect and not the other way around. A common observation was that the business owner moved away from moral and ethical qualities, towards more

[1] Again, referring to the asceticism that the Protestant ethic contributed to the "spirit" of capitalism.

intense work that contradicts life enjoyment (Weber 1922a p. 53). Whoever refuses to adapt their own life to capitalistic success either experiences economic decline or no economic success in the first place (Weber 1922a, p. 56). This is also a part of rationalization in the broader sense, which Weber identifies as an integral part of capitalism. Rationalization eliminated what Weber calls "organic" barriers of the human. A rational distribution of material goods among humanity serves as a guiding principle among capitalists, which leads to economic prosperity – the ultimate goal of capitalism. This included strategic and calculated behavior which only had economic success in mind (Weber 1922a, p 61).

3. Max Weber's Concept of Law and the Order of Society

3.1 Law as a Part of a Societal Order

Max Weber understands societal order as a construct of laws that consist of all the factors that determine the decision-making process in everyday life. On the surface of this order are laws in the sense of a code of law. This code of law has a juridical[1] approach and a sociological approach. The juridical approach shows the ideal through law. It asks what normative values a legal doctrine, formulated in a linguistic construct[2], should be infused with. Further, it has the task of investigating the contents of laws, by analyzing how matters in a legal sense are and even if they should be regulated by law. The combination of said legal constructs builds the legal framework for certain groups of people ranging from an individual person to society as a whole. Weber mentions that a key process in determining the propriety of laws, and their linguistic construct is the determination of the normative meaning behind them. Through this repeated process many parts are identified that represent a legal order that is logical or more precisely without contradiction (Weber 1922b, p. 368). As norms are a social construct that change as people change over time, Weber evidently thinks that law is a continuously changing entity. The sociological approach shows what norms influence people in the decision if their future actions take place within the legal order. While subjective norms are not part of the legal order, they are still seen as obligatory. It is conducted by observing any interaction between entities within the societal order, meaning like within the juridical approach, groups ranging from individuals to society as a whole. However, unlike

[1] Weber also calls this the legal dogmatic approach.
[2] Linguistic construct in this context meaning a sentence that conveys the legal norm in a compact and comprehensive form.

the juridical approach subjective norms and convictions can be influenced by individuals or groups in society. The more powerful they are the more influence can be exerted. Sociology is the science that investigates the cause, process and effect of human behavior, meaning that it is inherently linked to one or multiple chains of sources (Weber 1922b, pp. 1, 368). Similarly, the sociological approach investigates how law interacts with other areas of life, for example economics. Socioeconomics looks at how individuals act and the interactions between them that are caused and influenced by economic circumstances. Through these interactions a distribution of power over goods and economic services occurs and how this power is used is called the economic order. It is the first type of order that operates towards the societal order but is not a legal code. It shows how economic factors interact with other areas of life like the law. Weber outlines how the legal order acts as an order on a higher plane in people's lives, that poses ideals that people try to live by, as opposed to the socioeconomic aspect of life that acts as another order on a lower plane, that in part affects how people actually act. This proves that the matters of the two planes are inherently different (Weber 1922b, p. 368). There are, however, instances where the two planes converge, which changes Weber's definition of the legal order entirely and significantly impacts how people in society treat and see law and, maybe even as a result of it, how it affects their behavior as well (Weber 1922b, p. 367 f.).

3.2 Law in Rule (Rulership)

To further explore Weber's societal view on law, the framework or the system of rule in which society and law operates in must be clarified. Weber connects rulership to power and states that both are in a relationship with economic means. Rule in its most basic form[1] is an essential part of acting as a community, since it decides the common ground as a basis for all actions in the community (Weber 1922b, p. 603). It is per definition able to do so since its orders are followed by a defined group (Weber 1922, p. 122). This is the main reason why rule always expresses itself and acts in the form of an administration with a corresponding administrative staff (Weber 1922b, pp. 122, 607 f.). Weber mentions that a ruler can act as the "servant" of the ruled, which clarifies that his understanding of rule encapsulates all forms of government on any level, which includes democracy in the larger scope and for example private associations in the smaller scope. He asserts that a certain form of position of power always needs to be in place to make the decisions and stipulate the course of action

[1] Weber emphasizes that not all forms of communal activities require a structure of rule.

of the ruling entity. To keep the position of power in check and limit a potential abuse, regulating barriers set into place (Weber 1922b, p. 608).

Weber points out that taking on honorary functions in the ruling body requires a certain degree of financial freedom, as well as social standing, as to be able to attain certain positions in government as well as personal financial stability, to be able to spend the necessary amount of time to do the governmental function justice. Weber further defines a person meeting said criteria as an "Honorary" that possesses an income with relatively low work effort attached to it outside of the governmental function and accumulated wealth that is attached to corresponding social standing (Weber 1922b, p. 608 f.).

Traditionally these "Honoraries" were the "elders"[1] of society that have the advantage of experience through age and act as a bearer of tradition. In modern societies with differences in economic circumstances or social standing, these new criteria paved the way for "Honoraries" whose power was in part due to and only dependent on their wealth. This can cause an uprise of those with no wealth, leading to a clash of groups which can be identified as parties. With parties fighting for power, Weber points out that the initial limitation of a ruling position is hereby weakened, and a structure of rule is fostered (Weber 1922b, p. 609 f.).

The definition of rule is important in the discussion of Weber's understanding of law, because he sees the order of law, which acts as a representation of principles, as one of the primary tools of the legitimacy of the ruling body and its organization, which Weber defines as all efforts in a ruling body (Weber 1922b, pp. 154, 611). The order of law legitimizes rule through its "rational", "traditional" or "charismatic" character (Weber 1922b, p. 124). In short "rational", meaning that the rule is legitimate because it is legal through its own rules that keep its subjects in check, "traditional" meaning that the rule is legitimate because it always has been, or it is tradition, and "charismatic" meaning that the rule is legitimate because a figure that is somehow elevated to a status of at least "above ordinary" and its rule is deemed legitimate by its subjects (Weber 1922b, pp. 125, 130, 140). For all types of rule to last, significant and continuous efforts are required to uphold order.

3.3 The Role of Coercion

Another part of organization is the means to enforce law. Subjects don't obey the law because it is subjectively the right thing to do but doing so either impacts them positively or not at

[1] Elder being a relative term in regard to age, Weber explains how this age can vary greatly depending on the circumstances in a community.

all and disobeying the law impacts them in a negative way. To maintain order, and in turn remain in a position of power, acts against a legal order need to be sanctioned by the "Coercive Apparatus" of the state or ruling entity, meaning persons with coercive means in psychological or physical form that are especially designed to enforce the legal order (Weber 1922, p. 369). Weber defines laws as, but not limited to[1], Norms that are guaranteed through coercive means of the state, meaning that the state gains legitimacy through its subjects trusting the legal order, which earns its trust through the guarantee of sufficiently sanctioning[2] actions against it. Weber emphasizes that the offender can not only be a subject but also the ruling body and the coercive apparatus that is thereby set in motion only aims to restore the legal order regardless (Weber 1922, p. 370). A state of law therefore means the guaranteed protection of personal interests through a "coercive apparatus" (Weber 1922, p. 371).

3.4 Rationalization

Weber expands that regulated societal life, especially from an economic perspective, leads to an aspiration for the best average outcome and a corresponding alignment of actions in society. This leads to similar and regular outcomes which are desirable as a means to an end but are contrary to actions that are caused and influenced by norms and duties. Therefore, the "rationalization of action" leads to a life that is more focused on personal routine than personal values and tradition. A person tends to act along the system to serve a specific purpose, instead of pursuing individual interests (Weber 1922b, p. 15). As rationalization acts as a driving force in all areas of life so too does it impact legal theory as well (Weber 1922b, p. 382). Legal rationalization means generalization, in which predetermined decisions are formed based on principles, which are laws that act as a mold that the individual cases have to fit into. Paradoxically the more general a mold becomes, meaning that the scope of a law is widened as much as possible to consider more possible scenarios, the more complex the entire construct of law becomes[3] (Weber 1922b, p. 394). The more advanced a society becomes, the larger its economy will grow, and the more rules will have to be taken into account. This is a process that rationalization is an integral part of and with its continued progress it calls for increasingly advanced legal scholars that can supervise its existence and development (Weber 1922b, p. 411). Historically this progress led to an economic

[1] Weber uses this thesis for the sake of simplification. However, it is clearly a starting point of what he considers a law.
[2] A Sufficient sanction in the sense of a rectification that serves as a satisfaction and compensation for the offense, or deed in contradiction with the legal order.
[3] The juridical approach serves as a mechanism to ensure that the system is without contradiction.

rationalization of law, which allowed economic compensation for a certain degree of infringement on rights and violations of contracts[1] (Weber 1922b, p. 421). In a larger scope Weber thinks that rationalization has led to the modern legal system through progress in society and a cycle that detached tradition and values from societal actions, which effectively meant the advancement of law through detachment from religion and increased demand of legal scholars and the quality of their education.

4. Conclusion

4.1 Max Weber's Theories of Capitalism and the Law

Weber thinks of capitalism as a governing power in society that imposes strict rules. Failure to comply results in ejection from its framework, meaning bankruptcy or unemployment, which leads to a suitable selection of subjects. He further states that a core part of capitalism is any monetary gain beyond the purpose of satisfying material needs of life. Weber's analysis is unique, because he doesn't view capitalism as a purely economic system, but also a specific conviction regarding work, money and economic success. This conviction is what Weber calls the "spirit" of capitalism that is heavily influenced by religion and specifically the Protestant ethic, which promoted rationalization in the producer-customer supply chain, a sense of duty regarding one's work, elevating one's profession to a calling and ascetism that led to a modest life with extra earning being reinvested into economic endeavors. Rationalization is especially important not only in capitalism but also throughout Weber's entire sociological theories because it eliminated human inhibitions through a rational process of the distribution of goods with calculated and strategic behavior which encapsulates capitalism in Weber's eyes (Weber 1922a). Weber also sees capitalism as a highly influential entity that impacts how people act and in turn can influence personal values that lead individuals to stray from the ideal of law and potentially act against it (Weber 1922b).

Weber thinks of law as a continuously changing framework of rules that reflects the society that it rules over. It is an order that is guaranteed through potential force through the "coercive apparatus" of the state which could be interpreted as for example institutions like the police. The trust that laws are enforced legitimizes the form of rule that they are a part of,

[1] Weber calls this the „buyoff of revenge" which means a new way to settle a legal dispute, not through the "coercive apparatus" of the state but as a settlement between parties that are not affiliated with the state.

which in turn legitimizes the laws and therefore the legal order itself. Laws are an integral part of the social order that are not only determined by a legal code, but also norms and values that lose importance the further the societal rationalization takes hold in a society. Weber sees law as a rational system that creates an equal environment for all individuals in a state that can therefore count on a consistent and predictable system that serves as a good foundation for economic actions. This means that rationalization has a logical character that also reflects societal understanding of what is right, which in turn shows that a continued development of law means a clear shift from traditional or religious values to a systematic, logic-based environment. Through this rationalization Weber recognizes an overall generalization in society that favors routine behavior and discourages individualism. It is, however, an integral part of any form of rule and while different in character it always serves the purpose of legitimizing the ruling entity (Weber 1922b).

4.2 Relevance of Weber's Theories Today

Weber (1922a) has deduced that the roots of capitalism lie in a religious power struggle, where the traditional religious beliefs were overpowered by the "spirit" of capitalism, therefore replacing religion through a new entity. Today capitalism is more present than ever, with the American dream expressing the vision of upward social and financial mobility being omnipresent in societies all around the world. This could have been caused by many things like the globalization or social media conveying the "perfect human image". An important factor is the development of religious affiliation. During Weber's time, with 99,6% of German citizens, almost all of them were religious (Statista. 2024a; Statista. 2024b). Through a lot of historic developments and many other factors the religious affiliations in Germany are more diverse, however only 56,3% of the total German population are part of a religious community (Statista. 2025; Statistisches Bundesamt 2024). Ignoring the fact that traditional religious values in especially younger Germans belonging to primarily the Christian churches are less relevant than ever, these numbers show a clear trend away from religion and their values in Germany (Nixdorf 2008, p. 3). Weber's (1922a) view is clear: Religious entities or similar influences can't disappear without a substitute; something must replace them. While during Weber's time people drew their new values from the "spirit" of capitalism, today values come from different sources. Fitness, health, education funneled through technology, which might be a source in itself are only a few examples that all have characteristics that would fit into Weber's argumentation and influence everyday life choices. However, statistics show that young people, while moving away from religion and church, still

seem to support values that used to be of religious character. The capitalistic drive is still evident, but the strive for a life with happy relationships seems to indicate that the rationalization that Weber alerted to seemingly receded to some degree (Statista. 2023).

The asceticism that Weber identified as a key player in the "spirit" of capitalism has seemingly vanished with e-commerce and social media being in high demand, developing a never seen before culture of consumption with products in digital and physical form being so readily available and in high demand through online platforms such as Amazon or Alibaba, generating billions of dollars in revenue annually (CompaniesMarketCap n.d.-a; CompaniesMarketCap n.d.-b). And while economic success usually only intensifies the capitalistic drive, the social standing and wealth of a successful business owner is especially recognized through his consumption and behavior that is not in line with traditional asceticism. Clearly other values have developed over time that dictate how the social standing can develop that produces the necessary recognition to elevate oneself into a position that could be comparable to what a "Honorary" was in Weber's argumentation.

The rationalization aspect of Weber's argumentation is arguably the largest parallel to today's society in Germany and especially our form of representative democracy, in which political parties rationalize traditional party values to reach a broader spectrum of potential voters. Weber presents his theory of rationalization as one-directional, in which society seems to be in a constant process of rationalization, which is not the case in our political environment where parties can revert certain aspects of their behavior to go back to values that their party formerly represented. This phenomenon is similar to what Weber concluded in the context of Benjamin Franklin, in which the capitalistic ethos is in its nature utilitarian and values are taught to fulfill their purpose and not to strive for with an intended personal, or in the aspect at hand, political gain (Weber 1922a, p. 34 ff.).

4.3 Outlook

Weber presents his concepts in multiple layers comparable to a pyramid. To fully grasp his theory about a concept one must follow his analysis of various other concepts first, in order to reach a point where his final analysis is understandable. While society may change in a way that could at some point prove Weber's view to be inaccurate at said future point in time, his work can similarly always act as a foundation to understand how it previously was, how it came to be and to make sense of how it all developed in the future.

Bibliography

Buschmann, M. (2024). *Was wir von Max Weber heute noch lernen können*. Bundesministerium der Justiz. Accessed January 3, 2025: https://www.bmj.de/SharedDocs/Interviews/DE/2024/0418_FAZ-Einspruch_Gastbeitrag.html

CompaniesMarketCap. (n.d.-a). *Alibaba (BABA) - revenue*. Accessed January 7, 2025: https://companiesmarketcap.com/alibaba/revenue/

CompaniesMarketCap. (n.d.-b). *Amazon (AMZN) - revenue*. Accessed January 7, 2025: https://companiesmarketcap.com/amazon/revenue/

Nixdorf, C. P. (2008). *Jugend und Religion in Deutschland. Zusammenfassung aktueller Befunde und Entwicklungen*. https://doi.org/10.25656/01:19278

Statista. (2023). *Was halten Sie persönlich im Leben für besonders wichtig und erstrebenswert?* Accessed January 7, 2025: https://de.statista.com/statistik/daten/studie/816718/umfrage/als-besonders-wichtig-erachtete-aspekte-im-leben-bei-16-bis-26-jaehrigen/

Statista. (2024a). *Religionszugehörigkeit in Deutschland zwischen 1925 und 2010*. Accessed January 7, 2025: https://de.statista.com/statistik/daten/studie/1140508/umfrage/religionszugehoerigkeit-in-deutschland/

Statista. (2024b). *Entwicklung der Gesamtbevölkerung Deutschlands bis 2023*. Accessed January 7, 2025: https://de.statista.com/statistik/daten/studie/1358/umfrage/entwicklung-der-gesamtbevoelkerung-deutschlands/

Statista. (2025). *Mitglieder in Religionsgemeinschaften in Deutschland 2024*. Accessed January 7, 2025: https://de.statista.com/statistik/daten/studie/37028/umfrage/mitglieder-in-religionsgemeinschaften-in-deutschland/

Statistisches Bundesamt. (2024). *Bevölkerungsstand: Bevölkerung nach Nationalität und Geschlecht*. DESTATIS. Accessed January 7, 2025: https://www.destatis.de/DE/Themen/Gesellschaft-Umwelt/Bevoelkerung/Bevoelkerungsstand/Tabellen/zensus-geschlecht-staatsangehoerigkeit-2023-basis-2022.html

Weber, M. (1922a). *Gesammelte Aufsätze zur Religionssoziologie* (zweite, photo-mechanisch gedruckte Auflage, Bd. 1). J.C.B. Mohr (Paul Siebeck). http://hdl.handle.net/2346/47112

Weber, M. (1922b). *Grundriss der Sozialökonomik: III. Abteilung Wirtschaft und Gesellschaft*. J.C.B. Mohr (Paul Siebeck). https://archive.org/details/wirtschaftundges00webeuoft/mode/2up