

Max Weber, General Economic History
New Brunswick: Transaction Books, 1981 [1927]

Part I

Chapter 1 Agricultural Organization and the Problem of Agrarian Communism

- 13-4 Peasant very early fell from communistic social system into dependence on a political superior or feudal overlord; mobility managed economy, broke up common lands and enclosed them as individual plots for peasants.
- 14 Peasants 16th-18th and 19th centuries "forced into an individualistic economic life."
- 15 Note that Weber is speaking of German rural organization.
- 4ff Note agricultural system of concentric circles: I dwellings, II gardens, III arable, IV pastime, V woods (IV = "Almende").
- 7ff "hide-men": full members (economy) of community: equality broke down because of differential numbers of children and inheritance: So/class above hide-men, hide-men, those below.
- 17 Russian mir: up to 3-5000 people, land held in common in part, divided every few years according to family sizes: these decisions only nominally democratic ruins ruled by "kulaks," capitalist moneylenders.
- 18f Mirs broken up by Russian Revolution into rich and poor peasants (former withdrew from common with their holdings).
- 20 Harshness of Russian serfdom.
- 22 China.
- 22f India.
- 24 Insists that there was a vast variety of social organization among "primitive men": socialists and liberals wrong in looking for universal communism or private property distinction: communistic boundary and joint ownership of soil

Chapter II Property Systems and Social Groups

- 26 Forms of appropriation: not just economically based (also division of labor).
- 26f Plurality of organizations to which individual belonged: household, clan, major groupings, village association, political group - note also overlordship of land and personal overlordship.
- 28f Marriage, family, household preceded by clan.
- 30f Prostitution as form of contracted sex outside of marriage - sometimes sacred activity at times merged into marriage: questions of contractual sex and freedom and ethical codes.
- 28f Note references to "socialist theory of mother-right" (straw-man?) - some sort of developmental theory (note p. 30: "...consideration of the evolution of prostitution, in which connection, it goes without saying, no ethical evaluation is involved." and p. 36 "...endogamy...is a phenomenon of retrogression, not a stage of progress.").
- 36 Distinguishing mark of legitimate marriage according to patriarchal law - only children of certain wife inherit legal standing (eg. re/ inheritance, right to bear arms, class membership, religious membership etc.).

- 37 Other arrangements: (1) pure matriarchate, (2) pure paternal (agnatic) groupings, (3) succession in maternal line.
- 37-8 Primitive economic condition: nomadic agriculture on level of hoe-culture and hunting.
- 38f Division of labor among sexes: women - house and fieldwork, men - hunting and fighting note charismatic leadership based on prowess in men's realm.
- 39f Men's house (with cult of secrecy) and rise of primitive theology of animism organized growth of ritualistic food prohibitions based on totemistic animals - rise of culture.
- 41 Patriarchy associated with military principles, matriarchy with land tenure.
- 43f Evolution of the class - types: magical kinship; military, originating in men's houses; blood kinship (leads to privilege of property ownership).
- 46f House community - not a pure communism in property, authority, tho is one to an extent in consumption.
- 49 "...class principle gave rise to distinction between legitimate, monogamous marriage and the patriarchal potestas." - Woman wanted her children to be heirs and her clan backed her note her dowry

Chapter III The Origin of Seigniorial Proprietorship

- 51 Small family can be origin of communistic household and also large scale manorial household and feudalism. Differentiation of wealth at base of latter has sources in craftsmanship of clan or military group - seigniorial/hereditary power.
- 52 As military class, they pressed others into their services (whereas they once killed the vanquished).
- 53 Or sometimes there was voluntary submission of the defenseless for protection: not always into slavery; or through land settlement under feudal terms - leasing the land.
- 54 Another possibility through trade: regulation and levies and later, seignior enters trade and market relations himself - regulation and monopolization by individuals or groups.
- 56 Fiscal roots also - taxation, sometimes in kind or services.
- 59 Note that tax collectors sometimes become overlords themselves.
- 60 Or prince shifts collections burdens to feudal mobility; (61) or colonial proprietorship.
- 63-4 Feudal occident (after Japan) highest purity of feudalism - prepared for by Roman land rights, advance of military techniques and necessity of raising army to fight Islam: secularization of church property and transfers of land to the church

Chapter IV The Manor

- 65 Development of seigniorial proprietorship - political and class relations: (1) landholding, (2) slavery, (3) appropriation of political rights.
- 69 Note development of contractual relations lord-peasant (etc.): lord not a farmer (rather, military) and had to contract for labor, often -led to stratification of peasants.
- 70f Economic consequences of lord/peasant protection/taxation relationship: (1) no interest in increasing production or taxes on either part (so, no growth because no market), (2)

- because of state interest in maintaining peasantry - law, (3) attachment of peasant to soil could not leave without giving up land and finishing replacement (4) rights of peasant in land (legal) diversified, (5) lords usurped common lands, pastures, forests, (6) lord's monopoly of grain mills, bakeries .
- 72 Exploitation not by forced labor, but by making peasants into rent-payers (2 exceptions in chapter 6).
- 73 Lords secured rentals: (1) feudal dues: free peasant in goods, servile in labor, (2) fees for change in tenant, (3) for inheritance, marriage, etc. (4) woodland and pasture (5) transport charges, taxes for roads, bridges bailiff to collect and enforce performance of obligations.
- 74-5 France - peasants organized into collectives which paid rents, lords moved to city - so were easily eliminated in Revolution; Italy - share tenantry.
- 75-7 Germany - serfs freed and made paying tenants (discussion of regional differences).
- 77-8 England - legal system gave peasants protection from feudal landlords (also royal courts protected)

Chapter VI Capitalistic Development of the Manor

- 79 Memorial system showed tendency to capitalism in plantation and estate economy (A) Plantations (especially in colonies) arose where possible to raise cash crops with aid of servile class.
- 80f Problem of finding laborers: slave hunts and attempts at attaining slave promiscuity.
- 82-3 Note need in South in U.S. for expansion due to cheap land, expensive slaves and primitive farming techniques (slaves not trusted with modern implements).
- 83 Slavery only possible with rigid discipline and ruthless exploitation.
- 84 (b) Estate Economy - large scale capitalist establishment - production for market stock raising and/or tillage.
- 88 Estates arose where local markets could not absorb surplus and grain was exported.
- 89 Note that peasant wars did not break out where conditions were worst, but where revolutionaries attained some self-consciousness.
- 92 (c) Dissolution of Manorial system.
- 92f This caused by interdependence of lord and peasant (rents and exploitation) - tied up the land: emancipation of peasants - freedom of movement, freedom of the soil from communal organizations of peasants and rights of overlord; and freeing of manorial land from peasants rights (when existed) where peasants protected. Liberation: (1) expropriation of peasants who became free but landless (eg. England), (2) expropriation of lord who lost land, while peasant freed and owned land (eg. France), (3) combination of 1 and 2 - especially when estate form existed; note end of certain laws.
- 93 Motivating force for this initially within manor for economic reasons - development of market.
- 94 Other interests from without: towns bourgeoisie: town and manor antagonistic. Also: rising free market - interest of developing capitalism - also needed labor (tied to soil) also rising capitalists wanted to acquire land and status: land had to be freed finally state

- wanted more taxes - dissolution of manor for agricultural efficiency note - they had to circumvent the guilds.
- 95ff Complex exposition of historical cases.
- 108 Dissolution of feudal land resulted in agricultural system of today (1920) In part, peasantry freed from land and land from peasantry (England); in part peasantry freed from proprietors (France), in part mixture (rest of Europe, east tending toward English conditions). Final adjustment largely influenced by laws of inheritance: eldest son (England), or divided equally (France).
- 109 Modern legislation - abolished feudal ties
- 109-11 effects on political relations: question of existence of remaining landed aristocracy sociological definition of aristocrat: economic position (renter) frees him (economically) for political position requirement can't be met by those who have to work: businessmen and laborers England only nation (1920) with landed aristocracy; France: urbanization of politics Germany - few landlords with economic freedom.
- 111 (note paragraph - summary) with dissolution of manors and earlier agrarian communism through consolidation, separation, etc., last private property in land. Organization of society changes, too: shrinkage of family to nuclear family, family restricted to consumption (its junction), management based on accounting now: level of inheritance law (supplanting communist distribution) - separation of property men/women and separation of accounting: bound up with industry and trade level

Part II

Chapter VII Principal Forms of the Economic Organization of Industry

- 115 "industry" (though formally does not include mining and extraction) used to indicate transformation of raw materials (and will here include above) as distinct from agriculture, trading, transportation. Becomes interesting when carried beyond household needs (one beginning is produced for seigniorial household by peasants).
- 116 Second form of this production is for sale i.e. craft work (free or not free workers, for local, community, on workers own account. Begins in division of labor - sexual: women in fieldwork.
- 117f Note just industrial work sometimes in house-building - note not skilled work skilled work often (especially primitive) associated with magic: medicine man, smith level in house of chieftain, or in connection with exchange (question of market).
- 118 Distinctions: guild (working for entrepreneur production; worker sells to consumer/or works for entrepreneur (often results from indebtedness) - latter is "putting-out" system.
- 118f Or raw materials and tools provided by consumer (wage work for clientele) or person ordering work is entrepreneur who does it for gain: domestic industry, putting-out system.
- 119f Worker's place of work: (1) worker's house, (2) outside home - itinerant, or in home of consumer, ergasterion: work-shop (including but not necessarily factory) (say, bazaar-shop)

- 120-1 guild vs entrepreneurial systems: main difference is investment of capital (fixed) (tools excepted); fixed investment may be made by organization, town or guild, seigniorial or monastic systems: most common in middle ages. All changed with rise of capitalistic establishments - work provided by entrepreneur, discipline necessary; workshop counts as fixed capital - led to downfall of guild system

Chapter VIII Stages in the Development of Industry and Mining

- 122 Starting point of level is house industry - may lead to tribal industry: monopolization of craft or still by tribe or clan or ethnic group - may lead to caste system and vertical stratification (eg. India); exchange between ethnic groups - market specialization - begins in village and manorial industry; specialization also in seigniorial system (rather more forced) - note that the lord may use unfree labor for rents or for production for the market (thus becoming an entrepreneur_ in latter case, he may have an agent, negotiator to handle marketing also town industries with unfree labor as well as free (note possible loss of human capital with loss of slaves through escape or death).
- 130f Antiquity vs. middle ages: in former slaves in power of lord; in latter freed and stratified. Reasons: (1) consumptive requirements greatly expanded in large part due to climate, (2) extended market system - harder to maintain slave supply inland (as market extended inland in Europe as against Greece) also note purchasing power of peasantry, (3) expense of maintaining slaves higher in north because of food costs (needed more in cold) - preferred rent payers, (4) because of competition among feudal lords in north, slaves could safely escape without fear of return, (5) interference of towns - emperor decreed freedom for townspeople, no matter from whence they came

Chapter IX The Craft Guilds

- 136 Guild is organization of craft workers organized by occupation: internal regulation of work, monopolization against outsiders: successful in all local workers in craft join.
- 136f May be unfree organization (arose in response to above), ritualistic, free association.
- 138f Functions of the guild: maintenance of certain level of prosperity for its members by means of equality among members - including equality of individual growth: strove to prevent individual members from becoming capitalists control of quality of products, of traditional production method: guild bought and allocated raw materials. Relations among craftsmen regulated - required that division of labor be based on final product, not on technical specialization of operations.
- 139f Equality of opportunity - limited free competition: (1) technique of industry, number of apprentices limited, (2) regulated quality of raw materials, (3) techniques of production, (4) form of tools controlled, (5) product quality control
- 140-1 guilds regulated economic relations of members - amount of capital, market relations (whom dealt with), fixed prices; thus externally monopolistic.
- 143 Closed shop, tariffs, controlled division of labor; note hereditary membership as tendency

Chapter X The Origin of the European Guilds

- 144 Note "manorial law theory" or origin of guilds (Weber rejects) - guilds arose out of manor
- 146ff Weber's theory of guild origin: inland towns developed trade amongst themselves - market medieval towns - mixture of free and unfree labor - majority unfree, owed services to naming heads of guilds and meddling in internal affairs - guilds eventually gained these prerogatives by revolution or by buying out possessor - class struggle struggled also for political equity. Struggled so as to be able to be monopolistic note where they failed (eg. Russia) and/or guilds did not arise, house industry and tribal industry.
- 149f Opposition to guilds - consumers (helpless - unorganized), town attempted regulation through price and wage fixing; competition to guilds from manors and monasteries, etc. guilds struggled with laborers not yet masters - guilds set up regulations to restrict membership; struggled with merchants; inter- and intra guild struggles sometimes over ownership of capital

Chapter XI Disintegration of the Guilds and Development of the Domestic System

- 153f Disintegration of the guilds along several lines: (1) craftsmen rising to status of capitalist - employer and merchant - hiring other craftsmen (2) rise of one guild at expense of another - eg. mercantile guilds, forcing others into their employ, (3) dependency or importers of raw materials, or (4) exporters with necessary capital and market connections.
- 155 Textile industry center of this development.
- 159f Stages of development of domestic system: (1) buying monopoly of factor (merchant, manufacturer?) (because of his selling monopoly) in relation to craftsman, (2) monopoly of raw materials by factor, (3) factor's control of production system for sake of uniformity, (4) sometimes provision of tools by factor (especially textiles) (means of production) (5) sometimes factor combined several stages in production process - especially textiles bought raw materials and put it out to craft worker, in whose hands it remained until it became the product. "When this stage was reached the craft worker again had a master, in quite the same sense as the craftsman or an estate, except that in contrast with the latter he received a money wage and an entrepreneur producing for the market took the place of the aristocratic household." Putting out system maintained itself for so long because of relative unimportance of fixed capital - capital remained with individual worker and decentralized; last stages of control by the factor reached seldom outside western world; note that in western world craftsmen and guilds might continue to exist, though without power (not like modern labor organizations the forerunner) - guild of home workers or within guild difference between wage workers and masters
- 160-1 note castes and clans obstruct this sort of development (India, China) merchant or factor can't control so effectively against traditional forms of caste and clan

Chapter XII Shop Production. The Factory and Its Fore-Runners

- 162 Shop production, implies separation between household and industry in contrast to home work - various forms: (1) isolated small shops, as in bazaar system, (2) ergasterion (Gr. "workshop") cellar den leased by group of workers as workshop, or on manor, (3) unfree shop industry on large scale (eg. cotton workshops in ancient Egypt).
- 163f Factory - shop with free labor; fixed capital, accounting: entrepreneur and capitalistic organization of production process - specialized and coordinated work. Prerequisite is mass demand and steady demand - certain organization of market, also fairly inexpensive technical production process (from times of low demand and to produce cheaply to compete), also sufficient supply of free labor (in England due to peasant eviction and little need for army on a defensible island) (in Germany, factories as institutions for poor relief and to provide work). Function of lack of capacity of guild system to provide people with livelihood - created possibility of transition.
- 165f Craft guilds operated without fixed capital, but some industries require it and had workshop organization: (1) mills, (2) ovens, (3) breweries, (4) iron boundaries (especially important with production of cannon), (5) hammer mills - often owned by lords who lived from banalities (fees) for their use (compulsory), note communally and not capitalistically operated: Establishments of a private economic character (early capitalism) not found 14th century, little in 15th, occasionally in 16th (page 168 note description of 16th century English textile mill and opposition of guilds).
- 169 Evolutionary tendencies first appeared with technical specialization and organization of work and use of non human sources of power. "Where labor discipline within the shop is combined with technical specialization and coordination and the application of non-human sources of power, we are face-to-face with the modern factory." Impetus for this came from mining; note such industry working for political requirements.
- 170f Secure markets in military needs, luxuries (also for masses).
- 171 New industries sought legal protection from guilds which were antagonistic: maintained or subsidized by state sometimes because of industrial production needed, or to provide jobs which guilds couldn't or for taxation.
- 173f So/factories did not grow out of guild or domestic systems but alongside, producing new products not produced by latter two - extensive inroads of factories into guild work 19th century at earliest, guilds fought them and felt threatened.
- 174 Factories not created by rise of machinery, but rather, the two "correlated"
- 175-6 Before age of machinery, workshop industry with free labor nowhere developed as in the west in early modern era: in India castes stood in the way of level of occidental workshop, the castes being "impure" to each other, so that workshops couldn't evolve into factories - each of (uniform) labor discipline even after decay of caste laws due to residual caste customs; China clans strong and workshops industry organized on clan lines [Note this methodology: various, functionally equivalent, crosscutting factors used to explain development of phenomena in certain ways. Contrary to Marx's notion of primacy of forces and relations of production over all else.].

- 177 Early middle ages - barriers to factory production - lack of unfree labor, supplies, capital, also free worker had chance to go into business for himself, also (in consequence partly of the last mentioned) strength of social bonds due to industrial law, especially guild law, lack of regular and extensive market. Factories slowly arose in 16th and 17th centuries with mechanization, impulse to which came from mining

Chapter XIII Mining Prior to the Development of Modern Capitalism

- 178f Problems in mining - practical, legal (rights to mine)
179ff history of mining.
183f Stages in development of German (medieval) mining (1) cooperative mining growing out of original feudal relations to lord, who is usurped, bought out, receives taxes, etc. (2) incipient differentiation among workers - those who don't work, (3) increasing capital requirements for technical reasons - entry of capitalist, (4) concentration of mineral trade and rise of influence of dealer

Part III

Chapter XIV Points of Departure in the Development of Commerce

- 195 At beginning, commerce an affair between ethnic groups - not internal but intergroup may be because of specialization of production - also commercial castes in India, note Jews.
196f Another form: seigniorial trade - surplus from manor; also gift trade of princes or trade by princes on their own account - might give impulse for rise of trading class

Chapter XV Technical Requisites for the Transportation of Goods

- 199 Prerequisite for commerce as independent occupation: regular, reliable transport opportunities at just very primitive

Chapter XVI Forms of Organization of Transportation and of Commerce

- 202 Forms of organization of transportation and commerce: alien trader; commerce by sea originally conjoined with piracy.
205 Note shipping companies of middle ages less (individual) capitalistic than in antiquity.
208 Note risks from piracy to commercial shipping - land commerce, less risks, but much higher expenses - note merchant accompanied his goals.
210 Because of hardships and risks, commerce (land and sea) by caravan, also note guilds of train (caravan) workers.
212f Second great requirement: legal protection - merchant as alien needed special legal arrangements - natives to handle local trading arrangements and store goods.

- 214f Thus established fixed times for trading and dues to prince for market privileges so/prince who provided protection also required merchant to use his facilities (including roads and routes), brokers and market must be public and open.
- 215f Development of class of resident merchants, primarily retailers selling his own or foreign goods in towns; development: (1) resident merchant as itinerant trader, (2) hires employees to do travelling for him (or servant or partner), (3) establishes system of factories at distant points or maintains distant employees, (4) becomes completely fixed locally and deals abroad only by correspondence - this presupposes high development of laws (not till late middle ages).
- 216 Mainly retailing - less risky than wholesale.
- 216f Resident traders - who wished monopoly - came into conflict with other groups like tribe, clan, or foreign trading peoples (e.g. Jews), or with other resident traders settled in countryside (in contrast to urban).
- 218f Also restrictions among resident traders re/internal equality of opportunity-regulations and localities; conflict also with consumer interests: but in this case, since both consumer, and retailer tried to buy from foreign merchant and since wholesalers grew up, retailers and consumers began to have coincidence of interests.
- 220f The trade of the fairs - just form of merchant - merchant trade (contrast to merchant-consumer trade): interlocal trade organization, merchants travelled to it locus of money changing settlement of debts, especially to church (height 13th and 14th century) note fairs of Champagne

Chapter XVII Forms of Commercial Enterprise

- 223 Rational commerce is field in which quantitative reckoning just appeared - accounting because of companies and since high turnover and lower profits.
- 223f Problems of computation and counting - came to be based on money, not goods.
- 226f Prime mover of separation of household and business accounting and hence early capitalist institutions, was need for credit rather than immediate cash payment since at just all family members became commonly responsibly for debts of one member - so business and family separated

Chapter XVIII Mercantile Guilds

- 230 Various forms of mercantile guilds.
- 232 Since coinage, weights, and measures controlled by political authorities, not guilds, guilds gained power through political privileges - city guild dominates city and controls its economic interests of industrial and trading policy: military or trading union or taxation unit (this only in England)

Chapter XIX Money and Monetary History

- 236 Private property evolved from money; money as means of payment and general medium of exchange, former older.
- 238f Money as exchange originated in foreign trade - state of peace requires continued gifts between rulers - at this stage, money has certain forms: personal adornment, utility money, clothing money, token money - scales or equivalencies for exchange.
- 241f Advantages of "noble" metals for use as money - origins of metal coins - note stress on uniformity of coin size: Caesar with first real regulation of standards.
- 246 Central problem of coinage in middle ages was not standardization, but right to mint antiquity took seriously monopoly of state of coinage, in M.A. this function decentralized.
- 247f Note problems of debasement of coins - coinage irrationality - coinage lords unable to gain minting monopoly.
- 250 After 13th, 14th century commerce emancipated itself from coinage and went to bullion by weight and type of coin - finally went to deposit banking (prototype from China) and merchants drew checks on deposits of precious bars.
- 251 Modern monetary policy distinguished from past by absence of fiscal motif; "only general economic interests resting on the need of commerce for a stable basis of capital computation determine its character." England took the lead in this

Chapter XX Banking and Dealing in Money in the Pre-Capitalistic Age

- 254 In precapitalist era, banks were primarily money exchanging institutions also money disbursement business - need to make payments at a distance note letters of credit for travelers who could draw money when he arrived and also note safekeeping or deposit business - even in ancient times; where no coins, as India, China, money-changing function absent, but banks there stamped silver bars which circulated as money - banks thus provided money.
- 255 Presupposes permanent deposits by customers (for issuance of bank notes), in Babylon, banks lent credit and capital for enterprise - no coinage: this unique.
- 256f Banks of antiquity usually state or temple-owned; rarely private - competition.
- 258 Medieval times deposit business created because of continual monetary debasement.
- 259f Medieval banks also collected taxes - eg Medici; also financing; poor "liquidity" of these banks and they collapsed when payments demanded on short terms - especially large finances and small banks: encouraged monopolization of banks (granted by prince).
- 261f Present day bill of exchange - means of payment in which 3 persons involved: receiver, drawer, drawee. Certainty of drawing ability gives this liquidity - in middle ages no such possibility - bill of exchange known as means of payment - problems with canon against usury; demand arose from merchants (for sake of security and regularity) for banking monopoly: political authorities took advantage of this demand to create monopoly to share in profits: its security attracted large deposits and it gave low-interest loans: however, no

- modern argument for banks to use discount policies to attract funds - rather, hoped that bank would be place of deposit and stabilize currency fluctuations.
- 264f Interest phenomenon of international or feudal law: in tribe or clan there is no interest nor lending (note that Jews took interest from non Jews only) larger case against taking interest from tribal or clan brother.
- 269f Note complex question of church attitude on usury - also Protestant attitude

Part IVChapter XXII The Meaning and Presuppositions of Modern Capitalism

- 275 "capitalism is present wherever the industrial provision for the needs of a human group is carried out by the method of enterprise, irrespective of what need is involved." more specifically - accounting needed to determine in some - yielding power by calculation note that economy (total) may be mixed - part capitalistic.
- 276 Only (finally) dominant in occident since mid 19th century.
- 276f Prerequisites of capitalism (capitalist accounting and planning (rationality): (1) appropriation of all physical means of production as disposable property of autonomous private industrial enterprise, (2) freedom of the market from irrational limitations on trading, such as class prescriptions of restrictions in market, (3) rational technology - one reduced to greatest calculability - especially mechanization - of both production and commerce/transport, (4) calculable law and adjudication: "The royal 'cheap justice' with its remissions by royal grace introduced continual disturbances into the calculations of economic life." (5) free labor - legally able and economically compelled to sell their labor on the market without restriction, (6) commercialization of economic life: general use of commercial instruments to represent share rights in enterprise, and also in property ownership.
- 278 To all this (provision of needs solely on market and calculability of net income and commercialization) is added element of speculation, which reaches full significance only when property takes form of negotiable paper.

Chapter XXIII The External Facts in the Evolution of Capitalism

- 279 Commercialization involves appearance of paper to represent shares in enterprise and also paper representing rights to income especially in form of state bonds and mortgage indebtedness - This has happened only in modern western world.
- 279f Stock Company as culmination of this development - 2 lines of development (1) share capital brought together to anticipate revenues - especially for war (2) to finance commercial enterprise, including colonial undertakings (as well as inter-regional trade).
- 282f Alongside the financing of state needs byu stock companies is direct financing by measures of the state itself, eg. sale of bonds - note no orderly budget or bookkeeping in middle ages

Chapter XXIV The First Great Speculative Crises

- 286 Early phase of capitalist speculation marked by economic (speculative) crises
- 290-1 note that crises were clearly manmade, not heavenly ordained and were viewed as such: caused rise of rational socialism which "would never have originated in the absence of crises"

Chapter XXV Free Wholesale Trade

- 292 Wholesaler becomes fully separate from retailer in the course of the 18th century involved new commercial forms, like auction, consignment trading (usually overseas).
- 294 Wholesale, speculative trade required adequate news service and commercial organization.
- 297 "railway is the most revolutionary instrumentality known to history, for economic life in general and not merely for commerce..." but dependent on age of iron

Chapter XXVI Colonial Policy from the Sixteenth to the Eighteenth Century

- 298 Colonial policy 16th - 18th centuries - colonies led to gigantic acquisition of wealth for Europe - monopolization of colonial products and markets of colonies and profits of transport: state also made money either by direct administration (eg. Spain, Portugal) (feudal type) or by leasing to companies for payment (eg. Holland and England) (capitalistic).
- 299 Capitalistic colonies regularly developed into slave-using plantations, or used labor of natives [note here Weber's acceptance of "fact" of racial "suitability"/"unsuitability" of blacks and Indians for certain work; note his footnote to this effect (#2)]

Chapter XXVII The Development of Industrial Technique

- 302 Development of Industrial Technique - modern factory uses steam engine and mechanization of work - formerly "apparatus" water power. "The distinction is that the apparatus works as the servant of the man while in modern machines the inverse relation holds." Real distinguishing characteristic: concentration of ownership of workplace, means of work, source of power and raw material - all by entrepreneur - only rarely found prior to 18th century.
- 303f Note mechanization and rationalization of work - in English cotton industry, starting in the 17th century; importance of coal and iron for further development.
- 305f (1) freed technology and productions from limitations of organic materials (2) steam engine freed production from limitations (organic) of human power (note that though it still requires human tending, it displaces manual workers) (3) with union of science and production, traditionalism overcome and put under domination of "the freely roving intelligence".

- 306f Development of industrial labor force in England from 18th century: large numbers of people wandering about the country, having been driven off the land and rendered destitute by revolution in agricultural system (including enclosures) legal compulsion for them either to voluntarily take a job or be put in workhouse. People adapted themselves to factory work and discipline with difficulty, but capitalists had secured support of political authority through justices of the peace who, in absence of clear laws, operated according to their own dictates.
- 307 Also English small master class transformed into proletariat.
- 307f Demand for factory products: war and luxury - however, the military expenditures were high they were not the sole cause of the rise of capitalism: contrast China with large military outlay but no capitalism - same with luxury items.
- 310f Decisive impulse to capitalism could come from only one source: mass market demand - especially through democratization of demand for substitutes for luxury items of the upper classes: this latter phenomenon created price competition, whereas upper class luxury production created only quality competition led to feverish pursuit of invention in technology to reduce costs: note first patent law in 17th century.
- 312f Uniqueness of occidental conditions for rise of capitalism: rational organization of labor. There has always been trade, but internal and external (to the clan or caste) ethics distinguished regarding freedom of trade and ruthlessness of financial procedure (note India and China): in contrast, western capitalism did not make this internal/external distinction of ethics - entry of commercial principle into internal economy and labor organized on this basis, not also that in Babylon - disintegration of primitive economic fixity but not entrepreneurial organization of labor.
- 313f Occidental culture as prerequisite for this development - only here existed state and notion of citizen with laws based on it - in modern sense (rational law based on concept of citizen); also science in present sense and connection with rational technology; finally rational ethic for conduct of life [Note: RATIONALISM in: law, science, technology, ethics - hints also in state and administration]

Chapter XXVIII Citizenship

- 315f Concept of citizenship: (1) may be certain social categories or classes with common communal or economic interests - note that in this case there are greater or lesser citizens, (2) politically, signifies membership in state, and implies certain political rights, (3) citizens in class sense: circle of citizens composed of "persons of property and culture" (higher levels) with those outside the circle (bureaucracy, proletariat, others) as non-citizens (rather than as lesser citizens): (1) is economic and peculiar to the west, (2) has forerunners in antiquity and medieval city, (3) is specifically modern (bourgeois, vs. proletariat) and is built on western type of city.
- 316f Contributions of city to western culture extensive: created party and demagogue, certain tradition of art, modern science and disciplines of thinking (eg. math), religious

- developments: Judaism (contrary to religion of Israel), Christianity, Puritanism, Plato and his thought.
- 317f Definitions of city (note not spatial scale): economic seat of commerce - supply of subsistence from without (agriculture) paid for by industrial products, rents, trade, pensions; fortress or fortified; autonomous law and administration in middle ages.
- 320f Reasons why occidental-style city did not arise outside west: (1) character of organization of defense - in west principle of self-equipment, in east prince's army which was older than city, (2) magic - in India castes could not mix, but in west no monopoly of communion with gods on part of priests - no problem (magical) of caste, clan, tribal mixing.
- 324f Rise of democracy in middle ages begins in rise of disciplined infantry; since nobles must arm populace for this, populace is able to gain political privileges - this largely in cities.
- 327f Note differences in ancient vs medieval democracy: in latter, urban guilds ruled cities (and by banalities, ruled countryside) and thus created beginnings of capitalistic class split (bourgeois - proletariat), whereas in former conflict between landholders and landless: landowning peasants in debt to urban patricians generally (because of the particular debtor laws) did not lose land - this for the prevention of the rise of a proletariat - for sake of maintaining military strength (based on landed soldiers) and avoid mercenaries
- 334ff capitalism of middle ages (directed at and based on mass markets) appears after cities (in ancient sense) had lost their freedom (autonomy) - note that in ancient times compulsory labor by empire (over city) blocked rise .
- 336f Of capitalism; in modern era city became part of nation states which, with their constant competition in peace and war, needed mobile (liquid) capital and thus made alliance with capitalism - national class, the bourgeois, arose out of this alliance.
- 337 "hence it is the closed national state which afforded to capitalism its chance for development - and as long as the national state does not give place to a world empire capitalism also will endure."

Chapter XXIX The Rational State

- 338-9f Rational State only in occident and only in which can capitalism flourish basis is expert officialdom and rational law - arose formally, though not in content, out of Roman law; with fall of Roman empire in west law came into hands of Italian notaries and universities who held to old contractual forms and rationalized procedure (including removing from law and procedure all magic or mystical properties).
- 341f Capitalism did not arise out of Roman law (of England, where Roman law never held) - eg. annuity bond, stock certificate, commercial company not from Roman law Important only in that it created formal juristic thinking: structure of formal-legalism on materialist principles (utilitarian and economic) - calculable law; such a body of law achieved through alliance of state and trained jurists to argue cases.
- 343f Economic policy of rational state - modern origin: justice system was mercantilism, before which, commercial policies on fiscal interests and welfare interests
- 344-5 note reasons why last did not have deliberate economic policy.

- 345 In occident up to 14th century, planned economy only in connection with towns state under prince unable to regulate this - church tried to impose on economic dealings a modicum of legal honesty and churchly ethics.
- 347 Note just traces of rational economic policy was 14th century England - mercantilism (note distinction in tariffs: protective vs not: protective tariffs to promote internal economic health).
- 347f Mercantilism - signifies development of state as political power: "essence of mercantilism consists in carrying the point of view of capitalist industry into politics; the state is handled as if it consisted exclusively of capitalistic entrepreneurs." External economic policy - import low, sell high - to strengthen government in its external relations. So as many money sources in country for income as possible: source of wealth in country not precious metals, but rather tax-paying power; policy to increase national population and to sell abroad in industries in which most were employed (note industry, not raw materials); finally, trade by national merchants to increase tax base - notion of balance of trade: exports must exceed imports; all this to increase national power.
- 349 Two forms of mercantilism: (1) class monopoly, eg. policy of Stuarts and Anglican church - contrary to Puritans who, under Long Parliament, opposed monopolies, in favor of small entrepreneur.
- 350 (2) national mercantilism - limited to protection of industries already existent, in contrast to policy of establishing industry through monopoly (few of which survived the mercantilist period) - note that capitalism did not grow out of, but alongside, mercantilistic monopolism (especially England) note final faceoff between mercantile monopoly and free enterprise capitalism ("irrational and rational") in England in 18th century (rationalism: "capitalism oriented in relation to market opportunities which were developed from within by business interests themselves on the basis of saleable services.") note also Puritan underpinnings of free enterprise capitalism ("which saw every poor person as work-shy or as a criminal..." p. 349)

Chapter XXX The Evolution of the Capitalistic Spirit

- 352f Rise of western capitalism not caused by rise in population nor by inflow of precious metals though these helped it develop; geography was more important (capitalism stronger inland than in coastal cities); military requirements also favorable and demands for luxury items.
- 354 "in last resort the factor which produced capitalism..." is rationalism: of permanent enterprise, accounting, technology, and law; also complementary rationalism of spirit (rational spirit), conduct of life in general, economic ethic.
- 354f At beginning of all ethics and economic relations is tradition - doing things as before. Primitive traditionalism may be essentially intensified by becoming materialistic (interest involved), or by becoming tied to magic or supernatural so/traditional obstructions not overcome by economic impulse alone.

- 356 Originally, in traditional economics, separation of internal and external (to clan, caste) relations: with rise of internal accountability (in west) and economic relations no longer strictly communistic - rise of internal economic relations and (at same time) a tempering of external unrestricted quest for gain: "result is a regulated economic life with the economic impulse functioning within bounds."
- 357 Note repugnance to Catholicism and Lutheranism of impersonality of capitalistic relations.
- 358f Nor can Jews be called the originators of this attitude (capitalistic) - they were more like clans and castes in their internal-external commercial ethics.
- 360f However, Judaism was significant for modern rational capitalism in that it transmitted to Christianity an opposition to magic.
- 362 Only one means of breaking down magical beliefs and power and established rational conduct of life: rational prophesy with "credentials in the shape of miracles and otherwise".
- 363f In contrast to religion of India, Judaism and Christianity have from the beginning been plebeian religions and have deliberately remained so - not virtuoso religions.
- 365 Up to Reformation, rational mode of life restricted to monastic circles - also note system of confessions - shed grace on just and unjust alike.
- 365f Reformation made break with this - "disappearance of the dualistic ethics" other-worldly asceticism ended - adequate ethics created for worldly asceticism celibacy and poverty no longer required: everyone now a monk. Note alliance of business and religion, American slogan "honesty is the best policy".
- 367 Problem of acquisition of wealth, tied to piety: Calvinist doctrine of a "calling" - man as administrator of what God had given him to do - "It expresses the value upon rational activity carried on according to the rational capitalist principle, as the fulfillment of a God-given task."
- 368-9 Note: "The religious root of modern economic humanity is dead; today the concept of the calling is a caput mortuum in the world. Ascetic religiosity has been displaced by a pessimistic though by no means ascetic view of the world...which teaches that private vices may under certain conditions be for the good of the public." Without religious basis optimism of Enlightenment of harmony of competing interests, economic ethics dead. Was possible for working class to accept its lot before, with religious salvation held out to it, but by 19th century this no longer possible and "those stresses and strains in economic society" appeared.