

The Notion of Capitalist Evolution in Werner Sombart in the light of the Modern Critiques of the Evolutionary Conceptions

Sandro Segre

Abstract

This essay reconstructs Sombart's evolutionary conception of modern capitalism, focuses on the different stages of capitalist development which Sombart has conceptualized, and evaluates this conception in the light of the current debate on the fruitfulness of the evolutionary accounts of social change. A perusal of Sombart's oeuvre has shown that Sombart's conception of the capitalist social and historical change anticipates modernization theories, while avoiding the fallacies of Merton's and Parsons' functionalism; for Sombart reconstructs the plausible motivations of the actors playing a role in historical change and pursues a multi-factor account of historical change.

Keywords: Sombart, modern capitalism, evolutionary notions of social change

Foreword

This essay sets out, as its title indicates, to consider Sombart's works concerning the evolution of modern capitalism in the light of the current evaluations, most of which are critical, of the evolutionary conceptions of change. In this connection, reference will be made to Sombart's work "Der Bourgeois" (Sombart 1913), and to his three-volume work *Der moderne Kapitalismus*, which is considered Sombart's "opus magnum" (Vom Brocke 1987: 13). This work has still preserved its vitality (Cavalli 1967: 10), and constitutes his enduring legacy. *Der moderne Kapitalismus* will be referred to in its last edition, which Sombart published in the first two decades of the past century (Sombart 1916; 1917; 1927), but also in a previous edition, to the extent that it contains passages of particular relevance for his conception of capitalism (Sombart 1902). First, this conception will be reconstructed keeping in mind the argumentations, which Sombart uses to account for the transition from one phase of capitalist development to the following one. These argumentations will not be here presented and evaluated in any depth, as there are other evaluations to which readers may be referred (cf. Schumpeter 1927). Second, these argumentations will be related to the debate, which is quite lively in contemporary social theory, regarding the persuasiveness of conceptions of change implying the existence of distinct phases or stages. References will be mostly to Sombart's own texts, rather than to the secondary literature on this author.

Sombart's Conception of Capitalist Development

Sombart clearly indicates that the psychological traits, which he attributes to the entrepreneurs in the epoch of the first capitalist development, are relevant to him. These persons are described as audacious, unprejudiced, and imbued with an adventurous spirit. They are also described as looking for new ways of pursuing monetary gain, which are extraneous to the medieval tradition (Sombart 1917: 25). In Sombart's judgment, this spirit is opposed to the psychological traits of late capitalism, which he describes as connoted by a mentality that is bureaucratic, systematic, and impersonal. This mentality, in his opinion, penetrates modern firms, thereby channeling and constraining the entrepreneurs' conduct (Sombart 1913: 249-251, 462-463; 1927: 806, 927). In both cases, however, the motive forces (as he put it) of modern capitalist development are evidenced by the attempt to add extra value to capital, and thus obtain a profit (Sombart 1902: 7). The capitalist firm, even if only in an embryo form, is the minimum condition for the existence of capitalism (Sombart 1917: 6). Sombart investigates the question, whether the pursuit of profit has from a historical viewpoint taken different forms and intensity, and whether therefore it would be possible to distinguish between different periods of this development (Sombart 1902: 7-8). As mentioned, Sombart distinguishes between a period of first capitalist development and a subsequent one, of late capitalism. He discusses in this connection what could be the appropriate criteria of distinction between these two periods, and finds them in the numerous changes that initially occurred between the fifteenth and the seventeenth centuries.

These changes had a disparate and quite heterogeneous character. An incomplete list would include the exploitation of silver and gold mines, technological progresses, the discovery of America, new sea routes toward East, the formation of modern States and large armies, and the improvement of double-entry bookkeeping technique. Other lasting, commercial as well as juridical, innovations followed therefrom, such as the creation of Stock Exchanges, Fairs and large business firms. Starting from the seventeenth century, moreover, as a consequence of the very same causes new events occurred: along with the growing wealth of the bourgeoisie new types of entrepreneurs became prominent who belonged to religions which had been persecuted, as was the case of Jews and Non-conformist Protestants. Other new events were the creation of joint-stock companies; the endorsement of bills of exchange; a process of industrialization; and the formation of the capitalist labor market. In addition to the full development of all these features of the capitalist economy, the transition from the first to the mature capitalism involved the coming to the fore of the economic ideas and the juridical principles, which undergird it. It also involved the prevalence of impersonal principles in the firm management, a broadening of the markets, and the growth of the population (Sombart 1917: 10-13, 841-846). As pointed out in another context, this list of causal factors does not constitute a unitary explanation of either the first capitalist development, or the late capitalism, or the transition from the former to the latter; for there are no clear and consistent indications as to the logical and historical connections between these

factors (cf. Segre 1989: 7-43). Sombart is aware of this possible objection (cf. Sombart 1913: 457-459), but is apparently not willing to supply this explanation. Rather, he raises different questions, namely: 1) whether it is possible and opportune to generalize from a plurality of events. On this basis theoretical inferences could be drawn that have validity in distinct historical-economic contexts, and that can be applied to economic history to account for the origin of modern capitalism (Sombart 1916: XXII-XXIII); 2) whether the motive forces or causes of modern capitalist development have been economic and political, and can be accordingly designated as capitalist interests, or have a different nature, and can be described as ideal interests having a social and political nature. Sombart opines that the ideal motives can be effective by means of political economy, as both factors of material and ideal character may be relevant for capitalist development (Sombart 1902: 7). Sombart, therefore, is apparently close to an evolutionary conception of social and historical change that is not rigidly ideological, as could be expected from a scholar who had been close to Marxism at a younger age. As he himself has stated, in the last chapter of the third volume of his major work on modern capitalism, the future of capitalism will display both new and old features, the latter being not necessarily modified. Sombart's evolutionary conception can be compared to more recent and critical evaluations of evolutionary theories, as applied to social and historical change.

A Comment on Sombart's Evolutionary Conception of Historical and Social Change

Sombart's conception is noteworthy for a few reasons. While not recent, it seems to anticipate modernization theories, and avoid at the same time the fallacies of functionalist theories such as, in particular, those of Parsons and Merton. Several decades ago, in the first part of *Economy and Society* (Weber 1956: 1-11), Weber remarked that sociology's specific task is providing a causal explanation of phenomena, which are relevant historically and culturally. This explanation should presupposes the understanding and ideal-typical reconstruction of the actors' subjective motives. A functionalist explanation, as Weber contended, could at most provide a preliminary orientation to sociological inquiry. The absence of any consideration of actors' motives limits, according to Weber, its usefulness. Critiques of evolutionary accounts of social and historical change, especially insofar as modernization is concerned, have been numerous and well articulated (cf. Giddens 1996: 78-111; Smelser 1992: 382-385; So 1990: 53-59; Sztompka 1993: 135-141).

They could be epitomized as follows: A) considering the effects of modernization, whether pursued or not, sheds no light on how and why the actors have acted as they apparently have. B) Modernization theory neglects to consider social and economic changes that occurred not in the West, except if and when relevant to the West itself. It neglects, in particular, paths of modernization that differ from those followed in the West. C) The contraposition between tradition and modernity is of central importance for modernization theory, but it is considered misleading on the part of several critics; as traditional features may be found in

modern societies and, vice versa, traditional societies have aspects that are similar to, or compatible with, modern societies. Moreover, societies that are called traditional or modern have quite relevant inner differences. D) The last critique may account for the fallacious forecast, which is frequent modernization theorists, of a convergence between capitalist and socialist societies on the ground that both are deemed modern. E) The adaptation of a social system to the external environment is considered a factor of change. Functionalist theoreticians of the social systems emphasize this source of change. However, a social system changes not as an automatic consequence of external or environmental causes, but rather as a consequence of how the environment relates to the social actors. F) Modernization theoreticians conceive of change in terms of the social system's functional differentiation. Changes, which take place within the subsystems, are left out of consideration. However, functional differentiation, as indicated by the division of the social labor, causes segmentation in the subsystems. G) Modernization does not occur in keeping with pre-established phases or modes. H) Lastly, psychological explanations of change – that is, explanations conferring causal importance to psychological traits of given categories of social actors –, cannot be accepted by strictly sociological theories.

This set of critiques, which have been addressed to the evolutionary accounts of change, are functionalist and systemic. An attempt will be now made to evaluate if, and possibly how and to what extent, these critiques may be also addressed to Sombart's evolutionary conception of social and historical change. As will be shown, only but some of them concern Sombart; for only the following aspects of Sombart's conception can be deemed objectionable: A) Sombart's prevalent or exclusive attention to changes which occurred in the West, that is, in Europe, irrespective of whether they have been economic, social, or technological. B) The contraposition between tradition and modernity. Much like modernization theory, Sombart, too, views modernity as capitalist, though Sombart states that modernity preserves some aspects of tradition. C) Sombart, even more than modernization theorists, resorts to psychological explanations of capitalist change. Indeed, his explanation attributes great importance to the psychological traits of the entrepreneurs in the first epoch of capitalist development, and to their subsequent disappearance. However, it is Sombart's than modernization theorists' a systematic effort to combine systematically in a unitary explanation the social-psychological and the economical-social factors. They are deemed of equal importance; even though Sombart has failed to explore and analyze the relations between all these factors having a different nature. In addition to this difference between these different accounts of social change, as proposed by Sombart and some functionalist thinkers, there are still other, which are also relevant here.

In addition to this difference between the accounts of change as offered by Sombart and functionalist sociology, there are also other explanations that are also relevant. Sombart was attracted by Marxist socialism in the years of his youth and first maturity. Still, he apparently did not share the thesis, as put forward by the functionalist followers of modernization theory, of a future convergence between

capitalism and socialism, since they are both connoted by processes of depersonalization and bureaucratization. These processes are characteristic, in Sombart's judgment, of the current and especially the future capitalistic development. Sombart, however, does not dwell on an hypothetical socialist future; even less so, he lingers on a hypothetical convergence between capitalism and socialism. What is more, differently from modernization theorists, he does not emphasize the processes of functional differentiation of the capitalist system. He rather prefers to address his scholarly concerns to its cultural features, such as the capitalist spirit, and to the material features, such as the capitalist interests, of this economic and social system, which he rather considers in their reciprocal relations.

Like Marx, Weber and other students of modern capitalism, Sombart conceives of it as a system, the development of which is subject to external influences or causes. Among these causes, Sombart mentions geographical discoveries, new mineral ores, population increases, and the formation of the modern State. According to Sombart, as to functionalist sociologists, the capitalist system 'adapts' to its external environment, in the sense of benefiting from it. Differently, however, from functionalist sociologists, Sombart always indicates who the social actors relevant to this adaptation process are. They are in the Middle Age and the Renaissance the entrepreneurs. This adaptation is therefore not automatic at all.

Conclusion

By way of conclusion, Sombart's account of Western capitalist development shares some aspects of continuity with the functionalist vision of social change, but their differences are apparently more relevant. Sombart and the functionalist sociologists have made use of an evolutionary conception of social and historical change. They have also paid prevalent or exclusive attention to the Western world; they have, moreover, set in contrast tradition and modernity, have conceived of capitalism as a system, and have made use of psychological accounts of social change. There are, however, reasons for not considering Sombart a functionalist author, as he departs from the functionalist perspective in several and important ways. In particular, Sombart always reconstructs the plausible motivations of the actors who play a role in historical change. Furthermore, Sombart does so basing on a careful scrutiny of the historical sources, and plays down the opposition between tradition and modernity. He also pursues a multi-factor account of historical change, and refrains from formulating schematic conceptions, which Weber, too, rejected, of relations between the capitalist system and its external environment.

Bibliography

Cavalli A. 1967

- "Introduzione". Pp. 11-48, in W. Sombart, *Il capitalismo moderno*. Torino: UTET.

Eder K. 1992

- "Contradictions and Social Evolution: A Theory of the Social Evolution of Modernity". Pp. 320-349, in H. Haferkamp, N.J. Smelser (a cura di), *Social Change and Modernity*. Berkeley: University of California Press.

Giddens A. 1996

- *In Defence of Sociology*. Cambridge: The Polity Press.

Hondrich K.O. 1992

- "World Society Versus Niche Society: Paradoxes of Unidirectional Evolution". Pp. 350-366, in H. Haferkamp, N.J. Smelser (a cura di), *Social Change and Modernity*. Berkeley: University of California Press.

Schumpeter J. 1927

- "Sombarts Dritter Band". *Schmollers Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft im Deutschen Reiche* 3, pp. 349-369.

Segre S. 1989

- *Teorie dello sviluppo capitalistico: Weber e Sombart*. Genova: Ecig.

So A.Y, 1990

- *Social Change and Development: Modernization, Dependency and World-System Theories*. London: Sage.

Sombart W. 1902

- *Der moderne Kapitalismus*. Zweiter Band. München und Leipzig: Duncker & Humblot.

Sombart W. 1913

- *Der Bourgeois; zur Geschichte der modernen Wirtschaftsmenschen*. München und Leipzig: Duncker & Humblot.

Sombart W. 1916

- *Der moderne Kapitalismus*. Erster Band. München und Leipzig: Duncker & Humblot.

Sombart W. 1917

- *Der moderne Kapitalismus*. Zweiter Band. München und Leipzig: Duncker & Humblot.

Sombart W. 1927

- *Der moderne Kapitalismus*. Dritter Band. München und Leipzig: Duncker & Humblot.

Sztompka P. 1993

- *The Sociology of Social Change*. Oxford: Blackwell.

Vom Brocke B. 1987 (Hrsg.). *Sombarts "Moderner Kapitalismus": Materialien zur Kritik und Rezeption Herausgegeben und eingeleitet von Bernhard vom Brocke*. München: Deutscher Taschenbuch-Verlag.

Weber M. 1956

- *Wirtschaft und Gesellschaft*. Tübingen: Mohr.

