Thomas K. Johnson

The Spirit of the Protestant Work Ethic and the World Economic Crisis
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The world economic crisis has been painful. A Czech economist compares the pain with a hangover after a night of hard partying, implying that our developed economies have been drinking irresponsibly, that the changes needed are much deeper than merely taking some aspirin or buying a better brand of vodka. Hardly any of us has been spared; many have experienced real financial pressure while observing devastation in the lives of others. Despairing thoughts have surely arisen in many hearts. We can be grateful that not so many in the developed world have been driven to suicide by economic angst; I am worried that the results will be worse for the many millions in the developing world or in economies that were already dysfunctional.

The very fact that I was asked to give this special lecture confirms my claim that we need to think deeply about the moral/cultural convictions that guide the economic dimension of our lives. We call this the study of “Economic Culture,” which has especially interested Reformed Christians since Max Weber’s fascinating study, The Protestant Ethic and the Spirit of Capitalism, a little over a century ago. This topic interests us today because we need to learn from our past for our future.

Weber asked why parts of western civilization developed distinctive patterns that are not found in other cultures and civilizations. There is, he thought, a certain “spirit,” meaning a distinctive definition of rationality, that is seen in modern northern Europe which has led to a distinctively capitalist approach to work and business.

According to Weber, greed, even unlimited greed, is not distinctive of capitalism and is neither the cause of capitalism nor caused by capitalism. People have always been greedy. What is distinctive of modern capitalism is the pursuit of profit, especially ever-renewed profit, by means of continuous, rational enterprise. Distinctively modern capitalism has three external characteristics: 1. Rational industrial organization (which means not pursuing merely speculative opportunities in the manner of capitalist adventurers). 2. The separation of business from the household. 3. The use of rational bookkeeping. But these external characteristics alone will not explain modern capitalism; modern capitalism is also characterized by an internal ethic that says people can find meaning through their work. Systems of meaning, claimed Weber, are usually religious in source, even if particular people may have forgotten the reli-
igious roots of their system of meaning. Even people who are not consciously religious often continue to live, think, react, and emote in ways they regard as “rational” or “natural,” even though these “natural” or “rational” ways are historically rooted in distinctive religious traditions not shared by the rest of the world’s population. Authentic modern capitalism has an internal ethic that says people find meaning in part through self-denial (worldly asceticism) in their work. This modern capitalist work ethic is, Weber claimed, the result of the Calvinist work ethic, carried on in a secularized manner. He called it “The Spirit of Capitalism.”

As an example of the Calvinist work ethic, the spirit of capitalism, Weber selected Benjamin Franklin. Religiously Franklin was a deist, not a Calvinist, but Franklin illustrates the way in which a religiously rooted cultural value system can come to full fruition among people who do not accept the religious beliefs of a previous generation. For Franklin, time is money, credit is money, money begets money, honesty protects money, and the pursuit of all the virtues is tied to money. But what we see in Franklin’s life and writings is not greed or egocentrism, because Franklin strongly rejected a self-indulgent lifestyle. Money is the result of diligence, excellence, and virtue in performing one’s duties; furthermore, an ascetic, self-denying way of life and work is needed to attain this excellence. But the goal is personal excellence and the attainment of moral virtue, not the money which usually results from the pursuit of excellence.

In contrast with Franklin’s way of life, Weber suggests we consider a more traditional way from the past. Traditionally, if an employer paid employees according to how much they accomplished, it would be counterproductive to increase the pay for a unit of work because the worker would think in terms of needing a fixed amount of money to pay his regular bills. A larger amount of money for a unit of work would usually mean that the worker would simply work fewer hours per week so he could still pay his bills and enjoy more leisure. In contrast to the traditionalist, the modern capitalist worker would seize the opportunity to earn more money as part of the life of diligence and virtue, without using the increased earnings in a self-indulgent manner.

Weber saw an essential part of the religious background for the modern work ethic in Martin Luther’s doctrine of calling (Beruf in German). Weber thought this was a genuinely new idea in western cultural history, that one’s everyday worldly work and duties could carry deep religious significance. If people really believe that not only does everyday work have importance to God, but that all legitimate callings have equal worth before God and can glorify God, there will be significant economic consequences. But, according to Weber, Luther tended to interpret the radical idea of callings inside a traditionalist understanding of economics.
Therefore, the social effects of Luther’s doctrine of calling were limited. Only among the Calvinists and Puritans did the Protestant doctrine of calling reach its fullest effects.

Typical of Calvinism, according to Weber, is the doctrine of divine predestination, according to which God preordains which people are destined to eternal salvation and which people are destined to eternal damnation. This doctrine, thought Weber, gives rise to an unprecedented “inner loneliness” of the single individual, as each person has to face his eternal destiny on his own without the help of any other person, the Church, or the sacraments. Calvin may have had assurance of eternal salvation and may have taught that such assurance is possible to other believers, but ordinary people in the Calvinist tradition tended to become rational, unemotional, disillusioned individualists living in spiritual isolation from each other inside the same church, as they faced their uncertain eternal destiny. But there is a psychological necessity for people to have some means of recognizing a state of grace, whether in themselves or in others. This recognition of a state of grace was by means of evident and steadily increasing activity for the glory of God. Such activity was not really a means of earning salvation, but it was a means of recognizing if a person was in a state of grace. Pietism and Methodism have some theological differences from Calvinism and are not quite so unemotional, but they have a similar inner logic of demonstrating that a person is in a state of grace by means of systematically planning his life according to the will of God. Therefore, Pietism and Methodism have a relation to worldly asceticism and capitalism similar to that found in Calvinism.

As a theologian who has learned much from John Calvin, I would insist that Weber seriously misunderstood the Calvinist doctrines of salvation and predestination. Calvin and the better theologians of the Reformed tradition have rejoiced in assurance of justification and have written eloquently about the joy of knowing God’s fatherly care, themes that are the total denial of “inner loneliness.” The Christian life has routinely been described as a life of gratitude for the gifts of creation and redemption. However, Weber’s description of the Protestant work ethic and its historical influence is approximately right.

While commenting on Weber’s interpretation of Calvin, John T. McNeill, the distinguished historian of Calvinism, concisely summarized the Protestant work ethic:

"There is no realm of life that is exempt from obligation of service to God and man. . . . The layman’s calling is not secular or religiously indifferent. We are not our own: every Christian is to live as one dedicated. . . . Calvin makes..."
much of humility and the abandonment of assumptions of superiority and all self-love as basic to Christian behavior. In grateful response to God’s love, we love and serve our neighbor, who, good or bad, attractive or repulsive, bears the image of God. . . . Calvin would have us abandon all thought of seeking material prosperity for ourselves. Whatever worldly goods we handle or possess, our function with them is one of stewardship. We and our possessions together belong to God. This view involves the hallowing of each man’s vocation. It is “the post assigned,” to be faithfully exercised.

Calvin’s insistence on diligence and frugality, his horror at waste of time or of goods, his permitting interest on money under strict limitations of equity and charity, and his similarly guarded permission of a change of vocation are justly held to have contributed something to the development of capitalistic industry and business.6

A second appraisal of the influence of Protestantism on economic life comes from Gerhard Simon. Simon very carefully clarified that Calvin’s ethics were not those of the brutal capitalism of the later era of industrialization; instead, “Calvin’s aspiration in this arena was entirely oriented toward helping the poor.”7 And Calvin thought that the poor were best helped within a context of a broadly flourishing economy.8 As parts of his economic ethics, Calvin rejected the idea of an unchanging “just price” for goods (which could easily prevent market forces from bringing prices down to what poor people could pay for daily needs), allowed payment of interest on business loans under strict rules (thereby promoting the start of new business), and taught people to work hard and consistently without increasing consumption or luxury, leading to saving and investment in future business. This was such a marked change in the way Christians talked about business and work ethics that, claims Simon, “one can talk about a turning point in the flow of western thought and culture.”9 Therefore, “Calvin’s command to simultaneously work, save, and invest gradually became the foundation of a new economic system.”10

Though McNeill and Simon disagreed with Weber’s interpretation of Calvin’s theology, they agreed with Weber on two fundamental points: generally, how people go about work and business is heavily influenced by moral and cultural values in which religious beliefs play a decisive role; specifically, the Protestant work ethic has made a decisive contribution to economic development in multiple parts of the world.

In our historical setting in post-communist Europe, we must notice the complete disagreement of Max Weber with Karl Marx. Marx claimed that religion, ethics, and cultural values are entirely the result of economic factors, whereas Weber thought that religion, ethics, and cultural values are independent causes of individual economic
decisions and the economies of nations. Marx and Weber offer us totally opposite views of the relation between economic life and cultural values; they present a complete contrast in terms of the relation between business and the philosophy of life held by individuals or an entire society.

Today we all know we cannot understand twentieth century history without knowing something about Marxism; Marxist ideas changed the course of history in a tragic way. If Marxist ideas had a massive influence on history, then other philosophies of life, religions, and systems of values can also change the course of history. This means Marx was wrong on the very important question of the relation of moral/cultural values to economic and political life.11

Ironically, Marxist history confirms my claims about the role of ideas, beliefs, and moral values in society in a manner that strongly contradicts central claims of Marx. A Marxist should see Reformation theology and ethics as merely the superstructure of life resulting from distinctive economic relations. History shows that religious and cultural value systems cause economic transitions.12

This insight into society is crucial for our assessment of the world economic crisis. If we fail to reconsider how different philosophies of life contribute either to healthy economic growth or to an economic crisis, we will thoughtlessly follow Karl Marx on a most disputable point in his philosophy, even if our politics are democratic and our economics are market-oriented. If we ignore the values and convictions that contributed to our economic crisis, we would be like the person who thinks a lot of aspirin is the right solution to a terrible alcoholic hangover every morning. We must look at the problem more courageously.

Abraham Kuyper, the Dutch Reformed theologian of a century ago, did much to develop the theory of Sphere Sovereignty as a framework for understanding society. Our Roman Catholic friends have further developed this idea, and I would like to borrow it back from them.13

In a modern society there are always at least three spheres or societal systems that continually interact with each other: the business/economic, the legal/political, and the moral/cultural systems. Each of the three major systems in society is heavily dependent on the other two systems functioning in a healthy manner. This is interdependence. A healthy economy is dependent on health in both the moral/cultural system and in the legal/political system. A healthy legal/political system depends on healthy cultural and economic systems. And a healthy moral/cultural system depends on healthy economic and political systems. While the preaching of the Christian gospel of reconciliation with God is the leading task of the church, as the carrier of the Christian message, the church also plays and should play a massive role in the formation of the moral/cultural system. Culture always goes beyond moral rules and values to include the
definition of human nature and destiny, a subject about which the church has much to say, always in competition with other definitions, whether Marxist, libertarian, or consumerist. While the political and economic spheres are properly separate from the cultural sphere, human activity in the political and economic spheres is always guided by our understanding of what it means to be a human being and by a related set of moral values and practical principles. In this sense, political life and economic life are both dependent on the cultural sphere of life for direction and guidance.

The moral/cultural sphere of life will never be truly empty; there will always be some moral/cultural content, some definition of human nature and destiny. The problem is that the content of the moral/cultural sphere may be poorly chosen, perhaps with self-destructive values or with definitions of human nature and destiny that do not fit who we really are. Such a failure of the moral/cultural sphere of society will lead to terrible results in the political and economic systems. The failure of Marxist Communism was a result of a description of human nature and destiny in communist ideology that did not honestly fit with human nature and experience. We must never forget that moral/cultural values and the understanding of human destiny are simultaneously philosophical and religious matters. Our understanding of penultimate cultural matters (human nature and destiny) always stands in dialogue with our understanding of the ultimate, the nature of ultimate being, which is properly the realm of religion. This is the pivotal connection among religions, cultures, and economics.

When we talk about the moral/cultural sphere of life, we must never forget the multi-faceted relationship between faith and culture. The Christian faith stands in an answering relationship to culture, speaking to the deepest anxieties of each culture. The Christian faith should also have a critical relationship to each culture, attempting to stand as representatives of the Ultimate Social Critic. Additionally, the Christian faith must attempt to contribute something to each culture in which the church exists, articulating a rich perspective on human nature and destiny as an effective voice in the moral/cultural system.\textsuperscript{14} When we Christians contribute to the moral/cultural system in a society, on the one hand, we will properly describe much of what we want to say as simply biblical teaching or Christian ethics, which we see as given by God. This ethical teaching is inseparable from our faith. On the other hand, once these ideas are explained, they often achieve an authoritative status for many people, even if those people do not share our Christians beliefs; Christian moral/cultural convictions can have a wide influence among people who do not claim to be Christians and may not know the source of their moral convictions. This was a key element in Weber’s observations about the historical influence of the Protestant work
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ethic. In theological terms, because of God’s common grace and revelation through nature, people often accept humane moral principles that tend to preserve and protect human well-being, whether or not the people acknowledge that these moral principles come from God. Therefore, many Christian moral convictions can both have direct intuitive validity and also be capable of rational/scientific documentation, even among people who do not yet accept Christian beliefs about God and salvation. This moral content may seem to some to be somewhat separable from personal faith; this is not because God is irrelevant. It is because God is active in a twofold manner: on the one hand, through redemption by faith in the life of believers, and on the other hand, as the Sustainer and Ruler over all.15

Today we need a renewal of the moral/cultural sphere of society in relation to business, economics, and work ethics. Therefore, I would propose the following 20 theses as part of the content we need in the moral/cultural sphere to have healthy economies. Each thesis is organically tied to the Christian faith or arises from the faith, and there are biblical sources for many of these ideas. But most of these ideas are not directly about God or salvation, so even atheists or adherents of other religions may be able to accept many of them. These 20 theses describe human nature and destiny with supporting moral principles that fit this view of human nature. Each is worthy of a long explanation, but that is not possible here.

1. Human beings are filled with creative potential; each person can and should take the initiative to do something significant with the potential he has been given. Wise business and economic structures will seek to unlock this potential.

2. Greed, laziness, and dishonesty have roots in our fallen condition which are far deeper than is any economic system or situation. Businesses and society should be structured to restrain our vices, use these vices for the common good, or reduce the destructive power of these vices.

3. Loving our neighbors as ourselves is the proper framework for work and business. We should seek to provide for our own needs by means of genuinely serving the needs of our neighbors.

4. The alienation from ourselves, from each other, and from our work, so eloquently described by our Marxist friends, will not be overcome by a mere economic transition. Wise business structures may reduce this alienation in regard to the work place.

5. Our lives are not determined by an impersonal fate. God’s sovereignty does not mean we should resign responsibility for the future. Whether we are Christians, atheists, or adherents of another religion, we must take responsibility for the future of our societies, including our economy.

6. History is not an eternal set of circles. History moves forward, using our initiative and creativeness to develop potential built into the world, under the providence of God.
7. The physical world is real and good, a place in which we can find significance, partly through our work. Believers will see this significance as part of the worship of God.

8. The promise that wealth will make us happy is false. Happiness will be found in significant relationships and activities, including work, hobbies, family, community organizations, and worship.

9. Giving to help someone in need, rather than buying something for ourselves, will contribute to our life satisfaction.

10. Entertainment and consumption will not fill our inner need for ultimate meaning.

11. Material goods do not belong to me as an individual; they belong to me as a member of a family, including children and grandchildren. Responsible economic decisions will reflect this multi-generational view of life.

12. Honesty really is the best policy. Not only is honesty expected by God; it is a key to human well-being in all relationships and sectors of society.

13. Providing jobs to people can be as great an act of love as is humanitarian aid, since it provides people the opportunity to actualize their potential.

14. It is possible to carry on business without exploiting other people. Honest buying and selling generally helps both parties; honest financial transactions are not exploitative.

15. While it is often possible to recognize prices that are exploitative, it is not possible to identify enduring “fair prices” in the manner of some medieval Christians.

16. While not all loans are immoral, some loans are immoral, and many loans have been unwise for borrowers and lenders. Borrowing is a morally serious undertaking which requires serious deliberation.

17. Laziness is a serious vice which destroys business, economies, families, and communities.

18. Intact families are an important end in themselves, but they also play a very significant role in total economic and societal well-being. Family breakdown causes economic problems in multiple ways.

19. Both management and labor must accept the discipline of the marketplace, which requires continually growing quality and service for lower prices.

20. People generally know a lot about right and wrong, more than they like to admit to knowing. Business life stands under the same moral demands as all sectors of our lives.

Because of the organic unity of thought and action in human life, ideas have consequences. Good ideas have good consequences, and bad ideas have bad consequences, including bad economic consequences. These 20 theses can help provide a framework for following the historic Protestant values of diligence, honesty, family loyalty, creativity, and thrift. Following such values can lead to a renewal of the moral/cultural sphere of society, which can
support a healthy economy. Christians should practice these values as part of their worship of God. I hope all our neighbors will practice these values as good practical wisdom and also consider our distinctly Christian claim that it is really God who wants us to live in this manner.

Annotation

1. The following is a revised text of a public policy lecture given on behalf of the synod of the Evangelical Reformed Church of Lithuania, celebrating the 500th anniversary of the birth of John Calvin. The lecture was given on June 20, 2009, in Vilnius, Lithuania.


3. Max Weber’s study was originally published as an essay entitled Die protestantische Ethik und der Geist des Kapitalismus in 1904 and 1905 in volumes XX and XXI of the Archiv für Sozialwissenschaft und Sozialpolitik. It was republished in 1920 in German as the first part of Weber’s series Gesammelte Aufsätze zur Religionssoziologie. It was published in English as The Protestant Ethic and the Spirit of Capitalism, translated by Talcott Parsons, with a foreword by R. H. Tawney (New York, Scribner, 1958; reprint New York, Dover, 2003).

4. We must notice that what a person or group of people regards as economic rationality is dependent on values and assumptions about life that they bring into work and economic activity. Work is a necessity given to all people by creation; how we work is heavily influenced by our broader philosophy of life.

5. In all of this discussion, worldly asceticism, sometimes called intramundane asceticism, is contrasted with types of religious asceticism that may involve some type of religiously motivated withdrawal from society or self-denying religious exercises that provide no societal benefit. These other types of religious self-denial are often called extramundane asceticism.


8. To appreciate Calvin’s concern, we must not forget that most of the population of Europe in his day lived in oppressively harsh poverty, and even if all the wealth of the upper classes had been widely distributed, there would have been very little relief from that poverty. In this light, Calvin read biblical texts such as 1 Thess. 4:11 (“Make it your ambition to lead a quiet life, to mind your own business, and to work with your hands.”) and Eph. 4:28 (“He who has been stealing must steal no longer, but must work, doing something useful with his own hands, that he may have something to share with those in need.”), and Calvin concluded that the only possible way out of poverty was for his people to work more consistently and more wisely. The only solution to the poverty he saw was the generation of more wealth.


I am very grateful to have learned from Michael Novak to see Marx and Weber as presenting directly opposing views on the relationship between culture and economics while I was preparing and writing the special Russian language introduction and footnotes for his *Spirit of Democratic Capitalism* (Minsk, Belarus: Luchi Sophii, 1997). My participation in this publication of a book by a leading Roman Catholic social economic theorist is an example of the positive interaction between Catholics and Protestants in the realm of social-economic theory.

A friend who is an investment manager has commented that Calvin and Marx represent the real alternatives of how to view the way economies work.


For more on faith and culture, see my “Christ and Culture,” MBS Text 79, available at www.bucer.eu.

For more on this topic, see my essay “The Twofold Work of God in the World,” MBS Text 102, available at www.bucer.eu.

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