

# Review of: "Werner Sombart's Longue Durée"

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João Carlos Graça's (hereafter JCG's) scholarship on Werner Sombart (hereafter WS) is impressive. I am hugely sympathetic to any plan that seeks to retie the social scientific moorings of economics with sociology. JCG correctly notes that mainly the work of Max Weber and Talcott Parsons have been plumbed for this purpose. WS has suffered from relative neglect surely by economists. The paper is well-written.

I also admire JCG's courage in staring unflinchingly at the anti-Semitism, racism, fascism, connected with WS. Few would venture to cull out and approve of logic and cogent argument from giants so tainted.

JCG is unsparing in the subtleties and qualifications attached to every proposition of WS. What follows is an attempt to simplify as much as for myself as for others like me who are limited by a training in economics. I follow the writing of the article. Some parts will be omitted more due to my inabilities than in the interest of brevity.

## 1. Sombart within the traditions of social science

I was pleased by the suggestion that victory for the former announced in the famous *Methodenstreit* between the praxeology of the Austrians and the German Historical School was not entirely justified. In our times, the strength of the inductive method is being appreciated. Permit me to clear up the meaning of 1) in the third paragraph of section 1. and its connection with 2). My understanding is that both sociology and history share a concern with aggregates like classes, the former during a period of time, the latter across the sweep of time. True, some members of both tribes may practice 'methodological individualism', that is explain the dynamics of the whole by recourse to the choices of individuals, the parts. The strategy would not be helpful in illuminating a potential path to socialism in the United States because standard conundrums like free-rider problems, reneging on commitments, and so forth would thwart collective action. A successful socialist assault on capitalism calls for "class-for-itself action", a mass movement irreducible to the preferences of members of the working class.

A tension is reported between WS's 'conservatism' (using the term loosely) in supporting traditional small-scale agriculture along with the 'ideology' (also using the term loosely) of the feudal mode of production, and his embrace of Marx's Longue Durée and a periodisation of history from pre-capitalist, through nascent capitalist, to mature capitalist. I am reminded in this concluding passage of dialectical materialism shot through with theory and practice, with praxis.

## 1. War and Luxury

The turn of capitalism for WS was the transformation of the nobility from warriors into courtiers, and the consequent consumption of luxury goods. Earlier, consumption was sated. Now, wants are insatiable. The consumption of inessentials

is obscene, without bound. The sequence he highlights is that wars compel large public spending on the basic education of peasants, the settled pastoral life shocked by the demands of war regimes to invent and innovate. (Here and later, JCG uses the term effectual demand that was associated with Adam Smith. Effective demand, also referred to, was famously ascribed to John Maynard Keynes. The distinction must be kept in mind.). The rationalisation and quantification of procedures, the disciplining of the working class, laid the ground for the accumulation of capital. In particular, for WS the qualities of patience and persistence, as well as a shared vision, were instrumental for success. The coordination of labour was reflected in the hierarchy of the army with the “burgher” at the lower levels and “entrepreneurs” at the top. Products were standardised and catered to uniform tastes. The capitalism of the day took shape. Echoes of military Keynesianism sound with the distinction, JCG perceptively notes, between the orientation of Keynesian intervention that was egalitarian, with the war effort in WS’ case which was inegalitarian.

Luxury consumption was subject to the balance of trade of Richard Cantillon that WS relied upon. A trade surplus would result in an increase in demand and prices, thereby, reducing the initial demand. Matters were different with a colonial power invading a colony. As with Portugal, the exploitation of minerals faced no countervailing effects. An orgy of consumption followed.

## 1. A Janus-faced capitalist mentality

The ‘two-facedness’ refers to the duality in WS’ bourgeois. They were both burgher and entrepreneur. The former respected the letter and spirit of the law, for the latter no law that came in the way of the development of new ideas could not be broken. The schism was not sharp. Petty traders, for instance, could be imaginative in inducing buyers into fresh schemes. Common to both dispositions was the spirit of the rational that had begun to wind its way through history from the time of the ancients. Time was precious and work and saving were virtues.

### 1. Catholicism, Protestantism, Judaism

From Thomism in Catholicism, WS extended the deprecation of idleness and the approval of the accumulation of wealth. Usury in itself was condemnable but lending for the accumulation of capital was the motor of capitalism. WS regretted what he saw was the surfeit of religiosity of Protestantism. What later became popular as the ‘Protestant ethic’ was constraints in consumption in contrast to the relative freedom endorsed by Catholicism. Judaism respected the notion of the fair price but in economic relations with Gentiles, the competitive price ruled the roost. Jews were enjoined to lend to each other at a zero price but Gentiles were to be charged a positive interest rate. The balance of forces tilted in favour of the burgher over the entrepreneur. Accounting was epitomised in double-entry bookkeeping.

## 6. The entrepreneur and the dynamics of capitalism

The capitalism of WS’s time was characterised by cartelisation, the objectification of the entrepreneurial function, and increasing regulation. The boundaries between private and public property, between capitalism and socialism, had blurred. With the diminution of competition, and the limits to ecological expansion, the vitality of the capitalist dynamic would dim, he forecasted. WS remembers times past, now with a refurbished agriculture and an entrepreneurial

agricultural middle class. A redirection of resources by the government with private property protected was the direction to take. WS held that the forces of autarky would be strengthened as governments devoted their energies to stem crises precipitated by international trade. Intra-country growth and development would be the fruit of innovation à la the prognoses of J Schumpeter and especially J-B Say. Specifically, the ability to combine and refigure land, labour, capital, would be the antidote to stagnation and regress. The notion of innovation encompassed consumption, production, techniques. Conflict would emerge as the aspirations and drives of one clash with the purpose and actions of the other. Everybody cannot be an entrepreneur going forth boldly where others fear to tread in a society with a finite number of individuals and hard constraints. Indeed, WS believed that homogenisation would trump heterogeneity and capitalist growth would flag. Besides, the hegemony of the centre, Europe, would be challenged by countries of the periphery in a revolt against exploitation. In the conclusion of *Der Bourgeois*, WS foresees the end of the trail of a vibrant capitalism, with pure uncertainty taking root, rentiers and finance calling the shots, the bureaucratisation of firms, the fall in fertility rates.

## 6. Concluding observations: Sombart and us

WS reminds us that the ability of capitalism to continuously reinvent itself when faced with blockages cannot be underestimated. Traditional working class unity gets hazy with immigration and gig work. In addition, the repressive power of the state goes from curative to preventive in thwarting freedom of speech and action. In the end, WS would have us return to a new politics to fight a moribund and reactionary politics.

My concluding observations are identical to my opening statement. My treatment of JCG's complex study of WS is one-dimensional. More encouragement to dive deeply into sociology to vivify economics.