Introduction: Deconstructing Capitalism

In *The Protestant Ethic and the Spirit of Capitalism*, Max Weber quoted passages from Benjamin Franklin’s *Advice to a Young Tradesman* from 1748 (which was actually a letter), which have now become famous, in which Weber claimed that the spirit of capitalism spoke ‘in a characteristic fashion’:

Remember that *time* is money. He that can earn ten shillings a day by his labour, and goes abroad, or sits idle, one half that day, though he spends but sixpence during his diversion or idleness, ought not to reckon *that* the only expense; he has really spent, or rather thrown away, five shillings besides.

Remember this saying, *The good paymaster is lord of another man’s purse*. He that is known to pay punctually and exactly to the time he promises, may at any time, and on any occasion, raise all the money his friends can spare. This is sometimes of great use. After industry and frugality, nothing contributes more to the raising of a young man in the world than punctuality and justice in all his dealings; therefore never keep borrowed money an hour beyond the time you promised, lest a disappointment shut up your friend’s purse for ever.

The most trifling actions that affect a man’s credit are to be regarded. The sound of your hammer at five in the morning, or eight at night, heard by a creditor, makes him easy six months longer; but if he sees you at a billiard-table, or hears your voice at a tavern, when you should be at work, he sends for his money the next day. ....

It shows besides, that you are mindful of what you owe; it makes you appear a careful as well as an honest man, and that still increases your credit.¹

In his interpretation of these passages Weber was concerned with money as capital, and defined the spirit of this passage as the getting of money through discipline and thrift. He also claimed that Franklin’s moral attitudes were coloured with a utilitarianism in which credit was only a virtue in so far as it was useful in serving the duty of increasing one’s capital. Weber, of course, also argued that Protestantism was responsible for this through a process whereby, as he saw it, faith and anxiety about predestination had led to the internalization of the virtues of hard work as evidence of election, thus making possible the radical changes in belief and behaviour needed to become successfully oriented towards the utility of the counting board and account book, rather than the unity of community or neighbourhood. The

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¹ C. Muldrew, *The Economy of Obligation* © Craig Muldrew 1998
ascetic world view was one of *capitalism* in this sense precisely because it was directed towards ‘capital’ and the rational accumulation of capital for its own sake.

Weber, writing in the first two decades of the twentieth century was concerned with capitalism and utilitarian ethics because economic theory had only just come to define the workings of capital and markets in such terms, and he was looking for the origins of such morality, which he associated with individualism. In fact, it was only at the turn of the nineteenth century that the term ‘capitalism’ was used in the sociological sense of defining a social organism. Before this, the word capital was only employed to refer to the value of a business’s goods and stock. This usage originated in England in the sixteenth and seventeenth centuries, when it was first employed in accounting manuals as an equivalent term for stock. It was in this sense that Weber, and even more than him Werner Sombart, focused on the revolutionary nature of double entry accounting which Sombart said was ‘born of the same spirit as the systems of Galileo and Newton.’ But, in practice, English merchants and tradesmen did not employ the technique of double entry bookkeeping, and their accounts were sporadically kept and more often inaccurate than revolutionary. Although its aim was profit, what is much more striking about Franklin’s advice was its repeated emphasis on the need to maintain credit in order to do this. It was not about the creation of a ‘capitalist spirit’: all the advice about diligence and frugality was concerned with reputation. Its aim was outward into the community, not inwards, concerning belief.

This book is an attempt to reconstruct a narrative of the economic practices and discourse of the early modern period so that it will be possible to read Franklin as someone writing in an ethical tradition concerned with credit, honesty and reputation: a tradition which was the product of a series of historical changes wrought by the expansion of marketing which began in the first half of the sixteenth century. These ethics meant that wealth was gained through reputation, not accumulation, individualism or inward piety. Thus my subject is not so much the ‘spirit’ of credit, or to use a clumsy coinage ‘creditism’ – as a social system in the same way that capitalism is understood – but rather the *culture* of credit, because more than anything credit was a public means of social communication and circulating judgement about the value of other members of communities. Thrift and industry were certainly stressed as was profit, but I wish to propose a much more historicist and communal origin of such values, while at the same time emphasizing how difficult they were for most individuals to achieve. What occurred was not a reorientation of the representation of well-being away from the order and unity of the symbolic body of the community to the accumulating individual. Rather there was a reordering of notions of community relations towards a highly mobile and circulating language of judgement – what I have chosen to