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## Calvinism and the Rise of Capitalism in Scotland

*Karen Brown*

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The period of European history encompassing the sixteenth, seventeenth and early eighteenth centuries, which includes the Reformation and the Enlightenment, marked the end of the medieval period in Europe and signaled the emergence of the “modern” Europe of today. Scotland embraced the new ideas of the era around the mid-sixteenth century, shortly after the Reformation in England. Several reasons have been cited as to the cause of Scotland’s “re-birth,” including the political and economic climate of the country. Toward the end of the period, the Treaty of Union of 1707 brought Scotland under English rule and provided stability in the political system and the nation (Camic 1983, p. 94). During the era, the switch from a feudal/agricultural to a capitalistic/manufacturing system gave rise to remarkable advances in the economy (Camic 1983, p. 95). Furthermore, as Charles Camic has noted, the origin of many of the new ideas and attitudes during the Enlightenment was thought to be traditional Calvinism (1983, p. 99). Although no one particular event was the sole cause of the Enlightenment, Calvinism did indeed play a major role. It not only changed Scottish culture, but also provided the initial foundation for the rise of capitalism.

The purpose of this essay is to evaluate the extent to which the Calvinistic doctrines influenced the rise of capitalism. This is not an easy task; numerous factors have been said to contribute to the establishment of capitalism. According to Campbell R. McConnell, “Because capitalism is an individualistic system, it is not surprising to find that the primary driving force of such an economy is the promotion of one’s self-interest; each economic unit attempts to do what is best for itself” (1987, p. 38). This essay attempts to show two things: first, that Calvinist asceticism gave rise to individual self-interest, which eventually evolved into capitalism, and second, that capitalism did actually occur

in Scotland. To accomplish this, the doctrines of Calvinism will be examined, differing theories will be presented, and reasons for Scotland's slow, yet noteworthy, economic progress will be analyzed.

#### THE BIRTH OF CALVINISM

John Calvin founded his church in Geneva, Switzerland in 1537. From there, his ideas spread throughout Europe as a major branch of the Protestant Reformation. Calvinism called for a strict discipline in life, and dedication to God the Father. According to Calvin, God is incomprehensible to human beings; therefore, humans need a living faith in order to know God (Schmidt 1960, p. 85). This living faith was the asceticism which the Calvinist Church demanded from its people. Calvin's followers were taught to deny themselves worldly pleasures and material goods. Members were required to follow church doctrines or else face the possibility of being forbidden to partake of Holy Communion (Schmidt 1960, p. 55). Those forbidden Communion were isolated from the society in which they lived. In this way, Calvin kept a strict hold over his followers.

#### THE REFORMATION OF SCOTLAND

By the mid-sixteenth century, Calvinism had reached Scotland. The Church of Scotland was reformed as a result of French and English rivalry and the impact of the continental Reformation (McNeill 1954, p. 290). For many years before the Reformation, Scotland was the center of a feud between England and France. Traditionally Scotland was allied with the French, as they were the historic rivals of Scotland's longtime enemy, England. By the middle of the sixteenth century, however, the Scottish people instead favored an alliance with England due to "dissatisfaction with the long-standing but costly French alliance" (McNeill 1954, p. 292). The result was a switch from French ideals, which were founded on Catholicism, to the English views, which were mainly Protestant (McNeill 1954, pp. 290-92). Several other factors also paved the way for the transformation to Calvinism: the weak government of Celtic monasteries, the deplorable state of clerical life, and the advancements of the fifteenth century universities, which provided education for a greater number of Scots than before (McNeil 1954, p. 219).

The actual beginning of the Scottish Reformation is often placed around the year 1560. In this year the Treaty of Edinburgh, which declared Scotland a

free nation and withdrew all foreign troops from the country, was enacted as a mediation between the French and English (McNeill 1954, p. 297). Also, one of the foremost leaders of the Scottish Reformation, John Knox, returned to Scotland in 1559 after being in exile since 1549. During his exile, Knox lived and preached in Geneva where he met and studied with John Calvin. Upon his return, he brought back the Calvinist doctrine to the Scottish people.

Scottish Calvinism had basically the same principles as the original Calvinist church. The Book of Common Order, an original book of Scottish Calvinistic doctrine, contains a relatively clear statement of the Calvinist concept of God:

... all things depend on the providence of the Lord, are worked for the glory of his name, and for the comfort of his elect. God has just occasion to punish humankind, body and soul, according to the full rigour of his justice, for he is a righteous judge and we are exorbitant sinners.

(Marshall 1980, p. 46)

The Calvinist theology was based upon the concept of predestination. Calvinists believed that God originally selected which individuals were to be saved and which would be damned to the torments of hell. The choice rested entirely upon God; nothing individuals could do would ensure them salvation since their fates were already predetermined. Those chosen, however, received God's grace to help them overcome temptation in life. However, only God knew which were his chosen people. Therefore, one had to prove to all others that he or she was actually one of the elect.

In order to do this, the strict rules of the church had to be followed without exception. Any disobedience implied that one did not have the grace of God within and was therefore not one of the chosen. Since those not chosen were, in essence, expelled from society, the Scottish people were strongly persuaded to follow church rules. These rules included: (1) self-denial from worldly pleasures, (2) self-denial in relationship to material goods, (3) diligence in one's worldly calling or vocation, and (4) accountability for all of one's time (Marshall 1980, p. 15). In essence, a member of the Church of Scotland was made to practice a disciplined daily routine. Although a paradox seems to exist between the Calvinistic principles of self-denial and capitalistic self-interest, it will be demonstrated later that the principles actually encouraged individual self-interest. A Calvinist's sole purpose in life was to give praise to God by following the church's laws. As noted earlier, one adhered to these church rules or faced excommunication. As John T. McNeill stresses, "Excommunication is a grave matter, since it shut off the offender from business and social life and the sentence is 'published throughout the realm'" (1954, p. 301). Thus, in order

to assure one's acceptance in society in general, one had to become a member of the Church of Scotland.

This mandatory church acceptance was also enforced by the government. In 1560, Scottish Parliament passed a law stating that all kings were required to take an oath to maintain the Protestant religion and to recognize the liberty and authority of the church (McNeill 1954, p. 304). This law was upheld in 1584, when parliament objected to the views of James IV, who wanted to become the sole head of the church himself (McNeill 1954, p. 305).<sup>1</sup> Through these measures, the Scottish church embedded itself in Scottish culture. McNeill insists that, "No established church of the Reformation outside Switzerland was more deeply rooted in the life of the people" (1954, p. 307).

#### MAX WEBER'S THEORY

Calvinism changed the lives of the Scottish people. Its strict asceticism brought about changes in daily life, as well as in the Christian doctrine. However, Calvinism also played an extensive role in the rise of capitalism and manufacturing. In 1905, the German sociologist Max Weber composed a series of essays titled "Die protestantische Ethik und der 'Geist' des Kapitalismus," or "The Protestant Ethic and the Spirit of Capitalism." In these essays Weber states that the Protestant work ethic provided the basis for the *spirit* needed to bring about the rise of capitalism (1958, p. 27). This spirit, Weber maintained, did not occasion the rise of capitalism in itself. Instead, it provided the basic philosophy that influenced people to accumulate their wealth and invest it accordingly. In order to achieve this spirit, a rationalization for the accumulation of wealth had to occur, as well as a psychological sanction of the conduct. Weber asserts that the Protestant doctrines during the Reformation provided both the justification and the psychological sanction needed to attain this orientation to capitalism.

However, it must be repeated that, according to Weber, a relationship exists only between the Protestant ethic and the *spirit* of capitalism, not the actual rise of capitalism. Therefore, a direct relationship between the Protestant work ethic and capitalism is not necessarily inevitable as some factors essential to the rise of capitalism may not be present.

The Calvinistic doctrines of interest at this point are those of diligence and predestination. For Calvinists, to be diligent in one's vocation was to take advantage of opportunities for advancement or accumulation of wealth. This philosophy was entirely different from earlier church doctrine which taught that the accumulation of wealth was one of the causes for eternal damnation. Jesus said, "Again I tell you, it is easier for a camel to go through the eye of a needle than for a rich man to enter the kingdom of God." Mat. 19. v. 24. Therefore, as Gordon Marshall has observed, Calvinism "... helped remove the moral constraints upon capital investment since it explicitly sanctioned the legitimate improvement of one's estate and deemed such a procedure to be just and in no way detrimental to one's salvation" (1980, p. 119).

In a similar manner, the doctrine of predestination provided the psychological sanction which was needed. Since individuals did not know whether they were among the elect, they had to act as if they possessed the grace of election. This meant following the church rules which included being diligent at one's vocation.

Calvinist ministers of the time also promoted the economy and certain business practices. The following is an excerpt from a sermon by the Reverend John Carstairs:

There is a notable consistence betwixt fervour in Spirit in serving the Lord, and not being slothfull in business, betwixt the serious exercise of Godliness, and suitable care and diligence about mens [sic] lawful outward business; and as they are both enjoyed by the Holy Ghost, Rom. 12. v. 11. Be not slothful in business, but fervent in spirit, serving the Lord; So the more Godly a person be, he will the more indeavour to make that conjunction practicable . . . (Marshall 1980, p. 225)

Hence, capitalistic actions were both sanctioned and encouraged by Calvinistic principles. Because of this, the people of Scotland were more inclined to invest their capital in new manufacturing and new business than they might have been earlier. Those without capital to invest became the diligent work-force needed for the factories (Marshall 1980, p. 108).

#### WEBER'S VINDICATION?

It appears that the Scottish people had the right conditions for the spirit of capitalism to arise. Did they, however, actually develop this spirit? This ques-

tion is difficult to answer. Some economic texts of the time do relate capitalistic principles to the precepts of Calvinism. For example, Adam Smith writes in *The Wealth of Nations* (1776), "Capitals are increased by parsimony, and diminished by prodigality and misconduct" (1965, p. 321). Parsimony, or the saving of money, increases wealth faster than prodigality, or wasting money. In his book *The Undoubted Art of Thriving*, James Donaldson described how to advance Scottish commerce while adhering to God's plan. Donaldson claimed that the failure of most businesses was due to a lack of meticulousness in affairs. The main areas he focused upon were bookkeeping and accounting (Marshall 1980, p. 232). Clearly, these two processes can be related to Calvinist doctrine since they are concerned with accounting for time and money.

The actual rise of industry in Scotland is hard to document because only a few records of the time exist. However, documents from the Newmills Cloth Manufactory, Haddingtonshire (1645-1713) and other early businesses show that the owners did indeed keep a strict monetary account of their profits and calculated their best possible investments (Marshall 1980, p. 193). It seems, therefore, from the evidence available, that Scottish business owners were influenced to and actually did exhibit, to some extent, the spirit of capitalism in their pursuits.

#### THE CHICKEN AND THE EGG

Returning now to Weber's thesis: did the Protestant ethic bring about the spirit of capitalism? Many economists agree that there was some connection between the two. However, which one was a result of the other is a question still pondered today. Weber has had many critics; one was Karl Marx. According to Marx, the spirit of capitalism was responsible for the Reformation and the rise of Calvinism—rather than the other way around (Marshall 1980, p. 250). Since people naturally wanted to increase their wealth, Marx argued, it followed that the Protestant faith was only an excuse to sanctify the accumulation and investment of capital. Weber contended that Marx was wrong in two respects. First, in historical sequence the Reformation of Scotland occurred in 1560 while the rise of capitalism did not actually take affect until the seventeenth century (Marshall 1980, p. 253). Secondly, Weber claimed that people do not justify their actions after the fact: "They [social actors] think about what they are about to do: how are they to justify their actions both to others and to themselves?" (Marshall 1980, p. 258). Thus, Weber argued, the Scottish people would not have exhibited the spirit of capitalism without Calvinism

making it religiously and socially acceptable. Therefore the Protestant ethic must have given rise to the spirit of capitalism.

#### SCOTLAND VERSUS THE NETHERLANDS

Although the spirit of capitalism appears to have been present in Scotland as early as the mid-sixteenth century, Scotland's economy did not progress until the mid-seventeenth century. This provides a stark comparison with the Netherlands which, also Calvinist, had a booming trade policy by the early seventeenth century.

If Weber's theory holds, the reformation of the church in the Netherlands should have taken place before the rise of the economy so as to lay the foundation for its development. This, in fact, did happen. Exiles from Holland studied in Geneva under Calvin and eventually brought Calvinistic theology to the Netherlands, where it spread rapidly (Smith 1973, pp. 25-26). Calvinism became, for all practical purposes, the official church of Holland in 1574 (Smith 1973, p. 44). Soon after, the Dutch economy took off, with the formation of the Dutch East India Company in 1602. Based in Amsterdam, nearly 57 percent of the capital needed to establish the company was provided by city merchants. The East India Company's success led to the formation of the Dutch West India Company in 1621, which was also based in Amsterdam (Smith 1973, p. 78). The city of Amsterdam was deeply rooted in the Calvinist faith, as well as being the Netherlands's leading trading port. According to R. B. Evenhuis, a noted Dutch historian, "Amsterdam was, from an external viewpoint, a Reformed city, governed by Reformed Burgomasters, where only the Reformed religion might be publicly practiced . . ." (Smith 1973, p. 93).

How is it, then, that Scotland and the Netherlands, so similar in appearance, evolved so differently? It now appears that Scotland's slow progress might be a contradiction to Weber's theory. However, this slow progress does not negate Weber's thesis. A country may have the spirit of capitalism, even if the rise of actual capitalism does not immediately follow. Scotland simply did not have the conditions favorable to economic growth at the time when the Reformation came about (Marshall 1980, p. 265).

Several factors deterred merchants from investing in Scotland's economy until after the mid-seventeenth century. The Scottish terrain, being generally rocky and hilly, impeded both transportation and communication. The harsh climate made famines frequent, causing a lack of available capital to be invested. Medieval trade policies also placed restrictions on Scottish merchants by

channeling trade through a port in the Netherlands and by enforcing laws pertaining to trading practices such as guild membership (Marshall 1980, p. 273). In addition, Oliver Cromwell's conquest of Scotland and the English occupation of Scotland led to unfavorable economic conditions (Reid 1959, p. 32).

The Dutch, on the other hand, had excellent conditions with which to better their economy—and they did so. In addition to their generally flat terrain and favorable farmland, the Dutch had the largest European merchant marine, due to their extensive fishing industry (McKay 1987, p. 535). The famines which ravaged Scotland did not appear to have affected the Netherlands. The only factor which deterred the investment of capital, therefore, was the continual warfare with Spain over Dutch autonomy. Hence, the Netherlands possessed many advantages which the Scottish people did not enjoy, and the rise of capitalism occurred earlier.

This by no means implies, however, that Scottish merchants and manufacturers did not have the *spirit* of capitalism. One important capitalistic practice is to calculate the possibilities for accumulation of capital and then rule out bad investments. Any true capitalist would not have invested in the Scottish economy at the time of the Reformation because of political and economic unrest in the country (Marshall 1980, p. 277).

#### CONCLUSION

Calvinism had a tremendous effect on the Scottish people during the Enlightenment. It not only changed the lives of the people of Scotland, but also, according to Max Weber, laid the foundation for the spirit of modern capitalism. Weber's conclusion is that

One of the fundamental elements of the spirit of modern capitalism, and not only of that but of all modern culture: rational conduct on the basis of the idea of calling [predestination], was born . . . from the spirit of Christian asceticism. (1958, p. 180)

Scotland thus vindicates Weber's thesis in that the doctrine of the Church of Scotland provided for the spirit of capitalism, but yet the actual capitalistic movement did not occur until later in history when the economic conditions were right. Thus, although not the single cause of the Scottish Enlightenment—or of Scottish capitalism—Calvinism played an enormous role in transforming medieval Scotland into the "modern" Scotland of today.

<sup>1</sup>The young King James IV attempted to rule by royal absolutism, and henceforth take over the church. Parliament passed the "Black Acts" in 1584 which objected to the king's authority and tried to return the church to episcopal rule (McNeill 1954, p. 306).

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