Advances in Social Sciences Research Journal – Vol.3, No.6
Publication Date: June. 25, 2016
DoI:10.14738/assrj.36.2065.
Berardi, G. K. & Segady, T. W. (2016). The (Perceived) Vanishing of the Leisure Class: Views from Weber, Veblen, and Piketty. *Advances in Social Sciences Research Journal,* 3*(6)* 166-174.

The (Perceived) Vanishing of the Leisure Class: Views from Weber, Veblen, and Piketty

Gayle K. Berardi
Department of Political Science
Colorado State University-Pueblo
2200 Bonforte Blvd
Pueblo, Colorado 81001

Thomas W. Segady
Professor Emeritus
Department of Anthropology, Geography, and Sociology
Stephen F. Austin State University
Nacogdoches, Texas

Abstract
The French economist Thomas Piketty has recently provided extensive documentation that economic inequality in the most developed countries has grown and will continue to grow. Relying on data primarily from Britain, France--and to a lesser extent, the United States and Germany-- Piketty asserts that this trend will continue, barring events such as major wars or internal revolutions. Weber saw capitalism in much the same terms, emphasizing slow capital accumulation over relatively long periods of time, which brought distinction and legitimacy to the holder of large amounts of capital. Veblen focused on the conspicuous display of this legitimation. However, in light of the extent of global capital Piketty's analysis provides clues to reasons for the emergence of global flows of capital combined with the perceived physical disappearance of wealthy capitalists themselves.

Keywords: economic inequality, conspicuous consumption, global capital

INTRODUCTION
In Thomas Piketty's 2014 work, Capitalism in the Twenty-First Century, he asserts that capital and wealth will continue to grow in the future but importantly, he posits, not for everyone. He claims the future will see growing inequality and development of a caste-like system in most developed countries. Piketty forecasts that only the economic elite will benefit from the expansion of capital and that this not only prohibits wealth formation by those outside of the economic elite, but is threatening to democratic societies.

With Piketty's assertion in mind, this research utilizes Weber's theory of the Protestant Ethic to explicate the expansion of capital based in material and spiritual values. Specifically, the basis of the Protestant ethic and the expansion of wealth, Calvin's doctrine of predestination and Luther's concept of one's calling are explored. Over time this led to the legitimation of the accumulation of wealth and continued even when the religious ethos underpinning its accumulation receded.

Veblen's The Theory of the Leisure Class is utilized to elucidate how the religious reward of wealth via capitalism is replaced by the outward display of wealth. Veblen asserts that as one's wealth grows there is the desire to display this growth as conspicuous consumption. For example, economic elites buy large estates, build mansions on the land and employ numerous servants to manage the property. This conspicuous consumption is associated with personal pleasure and display, not with one's religious calling. This leads to continued capital expansion.

Based on his 2014 analysis of economic equality in several developed countries, Piketty declares that capital expansion will continue into the future (unless interrupted by violence or war), but will likely benefit only a small percentage of those who produce wealth. This research stresses that the visual display of wealth that Weber foresaw and Veblen describes as conspicuous consumption will very likely become "virtual" wealth. This will lead to the social isolation of the economic elite and the possibility that few will notice it, until its full consequences are at hand.

RELIGION AND THE RISE OF THE CAPITALIST CLASS: WEBER'S PROTESTANT ETHIC THESIS

> *But the heart of man holds mysterious contradictions which live in vigorous competition together. When the shriveled tissues lie in our hand, the spiritual bond still eludes us. (10)*
>
> *Good fortune wants to be legitimate fortune. (13)*

The rise of capital accumulation and the inevitable results regarding inequality have been the subject of perhaps tens of thousands of books. Very recently, David Smick, in his book The World Is Curved: Hidden Dangers to the Global Economy wrote that the world is awash in an 'ocean of capital' and that the amount of capital is much greater than we know:

Conventional wisdom holds that in the last quarter-century, the capital of the rich alone rejuvenated the U.S. economy—the so-called trickle-down theory of prosperity. Actually, the entire nation, unwittingly or not, contributed to the rejuvenation as public and private pensions and other formerly staid vehicles were unleashed into the markets (9:42)

What Smick asserts is currently the case and is essentially a contemporary affirmation of what Max Weber contended was the foundation of capital accumulation itself—the 'ethic' that led to the creation of this 'ocean of capital' lies in not just the wealthy (in fact, perhaps not even mostly with the wealthy), but in a general eudemonistic sentiment that capitalism has inherently both material and spiritual value and will continue to expand: '…capitalism is identical with the pursuit of profit, and forever renewed [italics in original] profit, by means of continuous, rational, capitalistic enterprise' (13:17).

Although it has taken on a fame and a dynamic of its own—the appellation is now often merely the 'Weber Thesis' (3,6,8), it was not Weber's thinking alone that was moving in this line of thought. In fact, Weber himself credited Werner Sombart with the genesis of many of his own ideas (cf. 13:63; 3: vii), while later offering criticism of several of Sombart's formulations (cf. 13:200ff). While observing that capitalism emerged from Calvinistic beliefs in predestination, along with Luther's concept of the calling, it resolved into an ethic of utilitarianism. Weber illustrated this by making use of quotes from Benjamin Franklin's Poor Richard's Almanac, and Weber's significant contribution was the recognition that capitalism represented a unique 'rational' form of economic acquisition. Rationality, as Weber indicated, was by no means 'rational' in the sense of being 'reasonable,' but denoted at least four dimensions: efficiency, calculability, prediction, and control (8). Opening his discussion of capitalism in what might be viewed as a subtle criticism of historical materialism, Weber (13:17) begins: "Let us now define our terms somewhat more carefully than is generally done. We will define a capitalistic action as one which rests on the expectation of profit by the utilization of opportunities for exchange, that is on (formally) peaceful chance of profit."

Here Weber is laying emphasis on a regular, routinized process of acquisition that is conditioned by a lack of serious disruption, the exploitation of opportunity, and the critical dimension that one believes that a positive outcome will occur, and a positive outcome here is the realization of 'profit.' The 'ethos' on which rests the expectation of a positive outcome is utilitarian. Thus, we have Weber's understanding of concrete behavior resting on a specific ethos that is becoming increasingly universal in its reach and application. This means, of course, that even though the individual capitalist believes himself or herself to be acting 'rationally'—i.e., in terms of predictability, calculability, efficiency and control, the ethos of itself is not 'rational', but merely (in Weberian terms), nonrational (5). That is, the elements of capitalism function below the supposed 'reasoned' thought of the actor.

But what sets Weber's analysis distinctively apart from a Marxian approach is that Marx reasons from economic structural behavior to the mental strictures that manifest at the level of the individuals subjected to this structure. Weber, in contrast, develops a deeper level to his analysis, bringing the central concerns expressed in The Protestant Ethic very close to his thinking on the social-psychology of religious thought, later published in Wirtschaft und Gesellschaft (12) as 'Religionsoziologie.' This ethos of utilitarianism is, in turn, conditioned by religious beliefs and values. Although he and Marx differ markedly regarding the genesis of capitalism, Weber is clear in his assertion that two core beliefs are embedded within Protestantism for the basis of this ethos. These are, respectively, Calvin's doctrine of predestination and Luther's concept of a 'calling.' In tracing the advent of capitalism to religious beliefs (that are, as will be noted at a later point), and placing these at the inception, at the formation of an ethos, Weber brings the social-psychology of capitalism to a subliminal point that would appear to be quite similar to Geertz's later definition of the role of 'moods' and 'motivations' (cf. 2, 1960).

It was Calvin's Doctrine of Predestination that had more significant impact on the development of capitalism, in Weber's view, precisely because it forced a choice on the part of the believer. Quoting the Westminister Confessions, Chapter III, number 3: 'By the decree of God, for the manifestation of His glory, some men and angels are predestined unto everlasting life, and others foreordained to everlasting death' (13:100), Weber observes that being 'foreordained' by a God who does not reveal His choice, the believer is forced to answer the question: 'Am I one of the elect? must sooner or later have arisen for every believer and have forced all other interests into the background' (13:110). In an ironic twist, then, the responsibility for knowledge of salvation shifts from the other-worldly revelation of God to this-worldly field of action of the individual believer. 'The conflict between the individual and the ethic (in Soren Kierkegaard's sense) did not exist for Calvinism, although it placed the individual entirely on his own responsibility in religious matters' (13:109).

However, Weber here seems to be assuming an ethic that is social and public in nature. This is entirely consistent with the notion that all religions are social in nature, and require some outward evidence of the strength of the members' beliefs. At this point '…two principal, mutually connected, types of pastoral advice appear. On the one hand, it is held to be an absolute duty to consider oneself chosen, and to combat all doubts or temptations of the devil, since lack of self-confidence is the result of insufficient faith, hence of imperfect grace…[O]n the other hand, in order to attain that self-confidence intense worldly activity is recommended as the most suitable means. This and this alone disperses religious doubts and gives the certainty of grace' (13:111-112).

If this new ethos were to be manifested and acted on by relatively few individuals, little would be changed; the dominant ethos would not be hugely affected, and the underpinnings of capitalism would lose their certitude. Much broader in its reach was Luther's notion of the calling. Weber noted that the Catholics did not have an equivalent—when Catholics were 'called,' it was to a more transcendent, other-worldly realm. Luther, Weber observed, began early in his thinking about religious reformation by coming close to the Augustinian belief that '…activity in the world [was associated with] things of the flesh' (13:80). However, Luther gradually separated his thought from Catholicism on precisely this point: 'The monastic life is not only quite devoid of value as a means of justification before God, but he [Luther] also looks upon its renunciation of the world as the product of selfishness, withdrawing from temporal obligations' (13:81). The calling is to perform in this world, and the transcendent realm begins to pale in importance.

Thus, the combination of the doctrines of Calvin and Luther become resolved in an admixture that forms an entirely new ethos. 'Although the Reformation is unthinkable without Luther's own personal religious development, and was spiritually long influenced by his personality, without Calvinism his work could not have had permanent concrete success' (13:87). The 'permanent and concrete success' is this-worldly asceticism of early capitalism. Weber was not, however, under any illusion that this worldly asceticism would last; nor would it be in any sense a guaranteed success. His skepticism is captured by his use of the full quote by John Wesley:

"I fear, wherever riches have increased, the essence of religion has decreased in the same proportion. Therefore I do not see how it is possible, in the nature of things, for any revival of true religion to continue long. For religion must necessarily produce both industry and frugality, and these cannot but produce riches. But as riches increase, so will pride, anger, and love of the world in all its branches. How then is it possible that Methodism, that is, a religion of the heart, though it flourishes now as a green bay tree, should continue in this state? For the Methodists in every place grow diligent and frugal; consequently, they increase in goods. Hence they proportionately increase in pride, in the desire of the flesh, the desire of the eyes, and the pride of life. So, although the form of religion remains, the spirit is swiftly vanishing away" (Wesley, quoted in 13:175).

This collapse of the Protestant ethos into the arms of capitalism, in which religion vanishes, is an outcome that Weber, with a more indeterminate perspective, is not fully willing to embrace, however. Two passages from conclusion of The Protestant Ethic are at the heart of Weber's predictions regarding the future of not only religion but of capitalism describe this. First, regarding religion: '….victorious capitalism, since it [now] rests on mechanical foundations, needs its [religion's] support no longer. The rosy blush of its laughing heir, the Enlightenment, seems also to be irretrievably fading, and the idea of duty in one's calling prowls about in our lives like the ghost of dead religious beliefs' (13:181-182). Religion may live on, but only in its behavior, unconsciously expression as an homage to its conqueror, fully-developed and universally practiced capitalism. Spiritual salvation can become rationally calculated through the complete application on the part of an individual (now the 'isolated monad of Marx), to this-worldly expressions of accumulated wealth. The implication is that the 'universal significance' of this development—of which Weber writes in the opening sentence of the now-famous 'authors introduction' to this work—is that all religions may well suffer the same fate as Wesley's dire prediction regarding Methodism, and by extension, Protestantism.

But Weber appears to be less certain regarding the future of capitalism. As both religion and the 'rosy blush of its laughing heir, the Enlightenment' are in a period of rapid eclipse, capitalism's hegemony as an economic system seems to be fully secured. Weber shifts his focus at this point to the level of the consequences for the individual, now stripped of other-worldly religious salvation, and in a sense locked into a spiral of endless activity oriented toward material gain that has any diminished relevance beyond its constant and rigorous acquisition: "No one knows who will live in this cage in the future, or whether at the end of this tremendous development entirely new prophets will arise, or there will be a great rebirth of old ideas and ideals or, if neither, mechanical petrification, embellished with a sort of convulsive self-importance' (13:182). Capitalism is 'victorious,' but what are the costs to the individual as a result of this victory? Weber concludes with the remarks that capitalism itself has devolved into a condition of being more of a 'sport' in the location of its highest development, the United States.

Paradoxically, Weber's thesis itself has attained 'universal significance,' and the rise of capitalism coupled with its decline or distortion has been a source of debate for decades. Soma Hewa, author of 'The Spirit of Religion and the Secular Interest: Sri Lankan Buddhism and Max Weber's Thesis Today,' contrasts 'modern' Buddhism' with the older, more traditional form of Theravadan Buddhism. Modern Buddhism, according to Hewa, 'believes that Buddha's teachings can help only to end the samsaric existence that leads to all forms of suffering. For contemporary Buddhists, suffering is due to their inability to fulfill their worldly ambitions. They strive to overcome suffering through successful social and economic gains rather than through renouncing the world [i.e. the 'other-worldly asceticism' of Theravada] altogether (4:75). Has Buddhism thus developed its own 'this-worldly' ethos apart from The Protestant Ethic? Has capitalism begun to transform the fundamental beliefs of religion (as Weber stated was also possible in his final sentence in the conclusion of The Protestant Ethic)?' Weber's indeterministic stance is clearly applicable here. Similarly, William Garrett asserts in 'The Ascetic Conundrum: The Confucian Ethic and Taoism in Chinese Culture' that: '…the Confucian Ethic may yet prove to be as powerful a motivational influence for stimulating economic productivity in the East as the Protestant ethic was in the West. Should this possibility ultimately be realized empirically, it will constitute an appropriately ironic outcome for resolving some of the riddles that Weber bequeathed to us in his comparative studies of the economic ethics of the world religions' (1:30).

VEBLEN: EXTERNALIZATION AND DISPLAY OF CAPITALISM: CONSPICUOUS CONSUMPTION THORSTEIN VEBLEN GETS US "OUTSIDE OF THE WHALE" --(11)

Virtually at same the time of Weber's publications on the nexus between religious and Protestantism in Germany, Veblen was completing The Theory of the Leisure Class. Veblen was writing of the rise of a capitalist class that was beginning to exhibit caste-like qualities in the United States. Writing of individual expressions of capitalism in a society that Weber acknowledged was capitalism's 'highest expression,' Veblen was (as Mills alluded in his 1953 introduction to Veblen's work), observing from the perspective outside of this 'leisure class' the consequences of Weber's claim that the full expression of capitalism was externalized in the effort to 'legitimize' and possess the recognition of one's worth (now both earthly and spiritual) exhibited. In contrast to Weber, however, Veblen grounds his observations in the notion that there is an 'instinct' toward conspicuous display, and that this instinct finds full expression in the externalization of capitalistic achievement.

Whereas Weber does not fully describe the consequences for those who are not so favored to have gained this 'recognition,' Veblen meets these consequences directly, with his notion of 'invidious comparison' which defines as 'a process of valuation of persons with respect of worth' (Veblen, 1940: 40). In a sense, Veblen is observing the outward manifestation of both the growing wealth and motives that Weber attributed to regarding social display. The new development, however, is that whereas those who have been favored (in Weber's terms), to have 'good fortune' recognized as 'legitimate fortune' as a result of the fruits of one's labor, Veblen sees the conspicuous waste of time as one of the hallmarks of those so favored. Gone is the 'time is money' admonition of Franklin that was so clearly evidence of an ethos, according to Weber. For Veblen, it is just the opposite: "…the term 'leisure,' as here used, does not connote indolence or quiescence. What it does connote is the nonproductive consumption of time. Time is consumed nonproductively (1) from a sense of the unworthiness of productive work, and (2) as evidence of pecuniary ability to afford a life of idleness" (11:28).

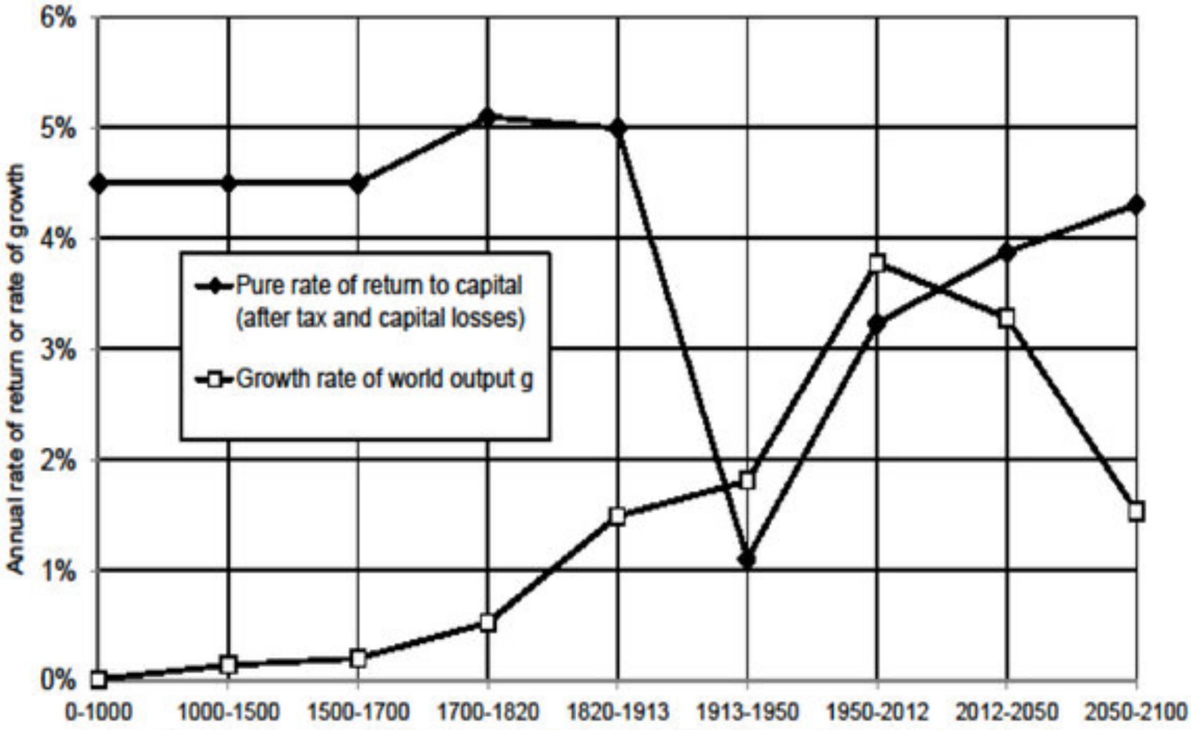
This may seem to run directly counter to Weber's notion of an underlying nexus between time, labor, and spiritual accomplishment. In a different view, however, it might be seen as the consummation of a different and more developed stage of capitalism that Weber clearly outlined as one possible outcome of accumulated wealth. For Veblen, 'class' has largely become 'caste,' and although there is still a social relationship between those who consume time in idle or frivolous activity and those who must necessarily adhere to the notion of time as a commodity linked to production, the link has become more tenuous. The 'display' is not of one's own work, but the display of those servants who perform work at the command of those who can display (through them) independent wealth. For Weber, the notion of one's spiritual 'calling' no longer prowls about as the 'ghost of dead religious beliefs,' but has fully passed into a different realm entirely—one's 'calling' is the pursuit of pleasure and display, coupled with the liberation from the performance of labor, which is openly displayed and made conspicuous to one's peers through the possession of servants.

PIKETTY: THE GROWTH AND PERMANENCE OF CAPITALISM

Just as Weber believed this later development in capitalism to be indeterminate, Veblen seemed untroubled by its questionable permanence as an inevitable feature of economic development. Thomas Piketty's recent acclaimed work, Capitalism in the Twenty-First Century, attempts to resolve questions regarding both the uncertainty of the future of capitalism (Weber) and the growth of a caste-like culture of wealth (Veblen). Piketty (7:47), equating the notions of 'capital' and 'wealth,' sees the long-term economic growth projected into the future, but not for everyone. His predictions are based on data drawn from a broad historical span—approximately 1700 to the present. The data were drawn from several sources in Britain and France—and to a lesser extent, from the United States and Germany. Nevertheless, he argues that his principles (much like Weber) are universally applicable.

Capitalism will expand—both in its breadth and depth—with an accompanying period of stability and predictability. It is only during periods of instability that this growth and wealth inequality are threatened. As he demonstrates graphically and quantitatively, the data provide irrefutable evidence of this, as seen in Table I.

Figure I After tax rate of return versus growth rate at the world level, from Antiquity until 2100 [7:356]



The rate of return to capital (after tax and capital losses) fell below the growth rate during the 20th century, and may again surpass it in the 21st century.

As is illustrated here, the pure rate of return tends to increase steadily except in times of severe economic turmoil, as such as major depressions or world wars. The global growth rate is not affected in the same way, as Piketty projects until the year 2100. There are several factors here—not least among them is public debt, which tends to augment the wealth of the capitalist class: '…nineteenth-century socialists, beginning with Marx, were so wary of public debt which they saw—not without some perspicacity—as a tool of private capital' (7:131). The financing of debt becomes a relatively safe vehicle for profit for the wealthy—who, as Piketty claims, can invest a fraction of their total wealth without fear of financial disaster, unlike those with less capital to invest.

The formula that captures this trend to increasing inequality is both elegant and powerfully stated from the outset: '…capitalism automatically generates arbitrary and unsustainable inequalities that radically undermine the meritocratic values on which democratic societies are based' (7:1). This is, of course, a radical departure from Marx, who predicted the ultimate dissolution of capitalism. For Picketty, the implicit assumption that can be discerned in this quote is that social institutions that are often linked to capitalism (such as democracy) actually exist independently from capitalism. In a very real sense, then, capitalism can become independent of democracy just as Weber saw its 'victory' over religion and, in fact, values fostered by the Enlightenment, the 'laughing heir.'

The tendency of wealth to grow unequally is captured by the elegant formula: r>g
in which r refers to the 'rate of return' and g refers to the rate of economic growth. 'Rate' can be translated to the expansion most realized by the upper economic class, as it benefits most greatly from this. Piketty finds that: 'In both France and Britain, from the eighteenth century to the twenty-first, the pure return on capital has oscillated around a central value of 4-5 percent a year, or more generally in an interval from 4-6 percent a year' (7: 206). Over a relatively

short time, this rate of return is clearly not insignificant. Thus, the ability of the upper echelon of the wealthiest groups to invest large amounts over long periods of time (with very little risk to their overall wealth) is very likely to lead to increasing inequality over the long run.

The scenario that Piketty envisions bodes ill for the vast majority of persons who exist below this economic elite. 'The overall conclusion of this study is that a market economy based on private property, if left to itself, contains powerful forces of convergence, associated in particular with the diffusion of knowledge and skills; but it also contains powerful forces of divergence, which are potentially threatening to democratic societies and to the values of social justice on which they are based' (7:571). This is not quite the dire prediction of Marx, but it is close to that in its warning. What might be most troublesome are the consequences that Piketty, an economist, does not address. For example, the 'divergence' may include not just wealth, but knowledge. Marx was confident that the urbanization of the proletariat would bring a literate, informed, and ultimately revolutionary class to the fore. In the world envisioned by Piketty, the exact opposite may obtain. The reality becomes more virtual as the physical and geographical spaces become more pronounced. Weber and Veblen (and, of course, Marx), presumed that the various classes would exist in relatively close proximity (in Veblen's case this actually served to enhance the 'invidious' distinction between the leisure class and the classes below it). Thus, the social isolation of the super-rich is now made possible--and desirable, given the need for increased security and the threat of 'class warfare' if the chasm continues to grow, as Piketty predicts (cf. 9).

Further, the 'servants' of Veblen's world, most closely connected spatially to this class, are no longer needed for display. The 'servants' may still exist, and exist in increasing numbers, but now are the financial advisors, investors, and 'portfolio managers,' who may exist more in virtual terms than physically. Even the capital, or wealth, may be existing in virtual forms itself. Piketty argues that more data must be generated to ensure a more precise prediction regarding the growth and flow of this wealth, but the transparency of all of this may become increasingly elusive. As a result, the 'wealth gap' may be growing and even positively accelerating, but there will be no one who can grasp or notice this in the future until its consequences are fully felt.

References

1. Garrett, William R, [1992], "The Ascetic Conundrum: The Confucian Ethic and Taoism in Chinese Culture." Pp. 21-30 in William Swatos (ed): Twentieth-Century Religious Movements in Neo-Weberian Perspective. Lewiston, New York: Mellen Press.
2. Geertz, Clifford, [1960], The Religion of Java. Chicago: Chicago University Press.
3. Green, Robert W. (ed), [1973], Protestantism, Capitalism, and Social Science: The Weber Thesis Controversy. Lexington, KY: D.C. Heath and Company.
4. Hewa, Soma, [1992], "The Spirit of Religion and the Secular Interest: Sri Lankan Buddhism and Max Weber's Thesis Today.' Pp. 61-75 in William Swatos (ed.): Twentieth-Century Worldly Religious Movements in Neo-Weberian Perspective. Lewiston, New York: Mellen Press.
5. Kalberg, Steven, [1980], "Max Weber's Types of Rationality: Cornerstones for the Analysis of Rationalization Process." American Journal of Sociology 85,5 (March): 1145-1179.
6. Marshall, Gordon, [1982], In Search of the Spirit of Capitalism. New York: Columbia University Press.
7. Piketty, Thomas (trans. Arthur Goldhammer), [2014], Capitalism in the Twenty-First Century. Cambridge, MA: Harvard Press.
8. Ritzer, George, [2007], The McDonaldization of Society. New York: Sage.
9. Smick, David, [2009], The World Is Curved: Hidden Dangers to the Global Economy. New York: Penguin.

10. Tawney, R. H., [1926], Religion and the Rise of Capitalism. New York: Harcourt, Brace and Company.
11. Veblen, Thorstein, [1953],The Theory of the Leisure Class. New York: Mentor.
12. Weber, Max, [1922], 'Religionsoziologie' (in Wirtschaft und Gesellschaft). Munich: J.C. B. Mohr (Paul Siebeck).
13. Weber, Max, [1958], The Protestant Ethic and the Spirit of Capitalism (trans. Talcott Parsons). New York: Charles Scribner's Sons.