



## A COMPARATIVE STUDY OF CAPITALISM: MAX WEBER AND MILTON FRIEDMAN

DOI: 10.17261/Pressacademia.2023.1781

PAP- V.17-2023(36)-p.194-195

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### To cite this document

Gokcekuyu, E., (2023). A comparative study of capitalism: Max Weber and Milton Friedman. PressAcademia Procedia (PAP), 17, 194-195.

Permanent link to this document: <http://doi.org/10.17261/Pressacademia.2023.1781>

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### ABSTRACT

**Purpose-** The Protestant Ethic and the Spirit of Capitalism," and Milton Friedman's influential book, "Capitalism and Freedom," offer valuable insights into the intricate relationship between religion, capitalism, and the development of Western societies. Weber's analysis focuses on the historical and cultural factors that have shaped the evolution of capitalism, particularly examining the influence of religious beliefs, such as Protestantism. He argues that the Protestant work ethic, emphasizing hard work, thrift, and the pursuit of wealth, played a significant role in fostering capitalism. On the other hand, Friedman, an economist and advocate of classical liberal economics, explores the advantages of free-market capitalism and emphasizes limited government intervention in the economy. While acknowledging the historical impact of religion, Friedman primarily addresses the economic principles of capitalism and its relationship with political freedom. Weber's work draws upon historical research and sociological insights, while Friedman relies on economic theory and empirical analysis. Ultimately, Weber's analysis provides a deeper understanding of how Western societies adopted a capitalist work ethos, while Friedman's "Capitalism and Freedom" promotes a laissez-faire approach to economic policy, advocating for limited government intervention and the benefits of free markets.

**Methodology-** Methodology employed in this study centers around conducting a discourse analysis of Max Weber's "The Protestant Ethic and the Spirit of Capitalism" and Milton Friedman's "Capitalism and Freedom." The aim was to deconstruct the narratives presented in these influential books and analyze their respective perspectives on the relationship between religion, capitalism, and freedom. The primary methodological approach involved a close reading and critical examination of the texts, through which the ideas, arguments, and underlying assumptions put forth by Weber and Friedman were explored. By thoroughly engaging with the content of the books, a comprehensive understanding of the authors' viewpoints and the nuances of their arguments was sought. Additionally, comparative analysis techniques were employed to identify similarities and differences in the approaches taken by Weber and Friedman. Through this comparative approach, the distinctive aspects of their theories were highlighted, and the broader discourse surrounding religion, capitalism, and freedom in Western societies was illuminated.

**Findings-** According to Max Weber, the Protestant Reformation, with a specific focus on Calvinism, was instrumental in promoting values and behaviors that nurtured the capitalist spirit. The Protestant work ethic, emphasizing hard work, thrift, and the pursuit of wealth, created an environment conducive to the rise of capitalism. Milton Friedman primarily explores the economic principles of capitalism and their relationship with political freedom. It is argued by Friedman that economic freedom is a necessary condition for achieving civil and political freedom. Emphasis is placed on the detrimental effects of excessive government intervention, and advocacy is made for limited state control and free-market capitalism. Friedman believes that a competitive capitalist system, characterized by voluntary cooperation and individual initiative, can prevent the concentration of coercive political power. It is posited by him that economic arrangements, based on free markets and individual freedom, are crucial for the overall promotion of a free society.

**Conclusion-** Both studies are unique in their own ways and contribute to original ideas on what capitalism ought to be. Weber compared to Friedman has a profound insight in how capitalism has grown from specific cultural and religious values. Friedman struggles with explaining how capitalism might have risen, but relies heavily on classic liberal ideas on how capitalism must be perceived to be a necessity for political freedoms.

**Keywords:** Capitalism, protestant ethic, economic freedom, political freedom, hard work, discipline, free market

**JEL Codes:** B1, B2, P4, Z1

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