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## **A Reconsideration of Werner Sombart's *Luxury and Capitalism***

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### **Abstract**

Werner Sombart's classic text *Luxury and Capitalism* is revisited in the light of recent economic historians' works that have analyzed luxury's role in the development of capitalism. Most of these works, as well as Sombart's book itself, are focused on the eighteenth century, since it was then that the proliferation—and availability—of luxury manifested itself for the first time most conspicuously. By employing secondary texts by economic historians and primary sources from the debates on luxury in the eighteenth century—some of which overlooked by a number of historians—the essay attempts a renewed outlook on a text that was controversial when written over a century ago and remains a prominent argument in the eternal discussion and dispute on the cause(s) of the rise of capitalism.

**Keywords:** Werner Sombart, Capitalism, Luxury, Eighteenth-century Economic Debates.

### **Introduction**

Werner Sombart's *Luxury and Capitalism* has occupied a peripheral though captivating place in the theory for the rise of capitalism. Sombart's contemporary Max Weber and his theories have enjoyed much more currency; I venture to say that that is mainly due to the fact that Weber posited a history of the *idea* of capitalism, which is attractive and easily relatable—though surely not without flaws—while Sombart's saw economic exigencies that are harder to examine specifically, for they demand very broad historical bearings, and are even harder to test. Sombart's idea is relatively straightforward: luxury and its pursuit were of cardinal importance for the development of capitalism. But though this theory is exceedingly intelligible, testing it as well as its ramifications is an almost impossible task. Sombart focuses on the eighteenth century—for it was then that luxury became more widely available and sought after—and situates in it the crucial fastening of some of the classic and acknowledged factors of the capitalistic system—the division of labor, the rise of new markets, and the resulting capital accumulation—which he saw specifically tied to luxury's intensification; in fact, Sombart called capitalism the 'illicit child of luxury' (Sombart, 1967, p.27). Sombart hypothesizes that the courts and the feminization of taste, which saw their zenith in the eighteenth century, fomented luxury's increase. The other reason for the extravagant growth of luxury is, according to Sombart (1967, p.81) the 'emergence of the *homo novus*': the bourgeois who lived in a hierarchical society had to prove himself and his

self-worth—pun intended—and thus necessitated a new, heightened degree of luxury. This further increased the demand for luxury, which according to Sombart specifically resulted in the creation of new markets that expanded the economy: as the desire for luxury grew immensely, so did the markets to accommodate it.

### The ‘de-Moralization of Luxury’

In synthesis, this is Sombart’s thesis. In order to consider his theory appropriately, we ought to look at eighteenth century debates on luxury, since Sombart heavily drew upon them, but we shall not be concerned with the moral aspect of the debates, for it should be noted that numerous writers exhibited powerful moral dilemmas toward luxury and its rise that often prevent a purely economic investigation, which is our main task: the condemnations on luxury by a Rousseau, a Fénelon, a Walwyn, a Hutcheson and others are surely fundamental to the history of the ‘idea of luxury’ as well as to cultural history, but have no bearing on our considerations. Indeed, Sombart himself thought so too when he stated that ‘time and time again the problem of luxury has been approached with all the ethical fervor of the solid and thrifty bourgeois, and moralizing arguments have been brought into play for every phase of the question. And so, on the relationship between luxury and the market few had anything important to say.’ (Sombart, 1967, p.116)

However, those who saw luxury exclusively through moral lenses should not obfuscate our own view of a very important circumstance that despite being tied to *moral* considerations had important *economic* effects during the eighteenth century—that is, what Christopher Berry called ‘the de-moralization of luxury’. Those who de-moralized luxury are the crucial writers to survey, for they regarded luxury’s economic office over its moral implications; as Maxine Berg (2003, p.7) has stated quite correctly, ‘luxury gradually lost its former associations with corruption and vice, and came to include production, trade and the civilizing impact of superfluous commodities.’ Christopher Berry, too, makes a subtler and more wide-ranging observation when he remarks that, ‘central to this de-moralization is the re-evaluation of mundane life. From being deprecated because of its concern with the recurrent necessities of everyday living [...] it is within this necessity that a new source of certainty could be located [...] because the ‘modern psychology’ itself identifies a certainty and predictability by virtue of man’s material nature.’ (Berry, 1994, p.114) Both Berg and Berry tangentially support Sombart’s view of luxury’s economic impact. But Berry’s view that man’s material nature was *per se* positive is both significant and historically entrenched in a burgeoning reality, for the forces of secularization, which accelerated significantly after the Peace of Westfalia of 1648, kept weakening the worth of ascetic, contemplative life; and mundane pleasures became increasingly acceptable. The ‘de-moralization of luxury’, which Christopher Berry chronicles so well in his homonymous chapter, started assuming a significant extent around 1700<sup>1</sup>, and thus began to have relevant economic impact. The ‘de-moralization’ that luxury underwent during the eighteenth century ought to be understood and kept well in mind as an essential prerequisite if we are to accept or even consider any of

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<sup>1</sup>‘The great divide in the perception of the beauty of life comes much more between the Renaissance and the modern period than between the Middle Ages and the Renaissance. [...] For the medieval man enjoyment *per se* is sinful. The Renaissance had managed to free itself from the rejection of all the joy of life as something sinful, but had not yet found a new way of separating the higher and lower enjoyments of life; the Renaissance wanted an unencumbered enjoyment of all of life. The new distinction is the compromise between the Renaissance and Puritanism that is at the base of modern spiritual attitudes. It amounted to a mutual capitulation in which one side insisted on saving beauty while the other insisted on the condemnation of sin. [...] Only after the Puritan worldview lost its intensity did the Renaissance receptiveness to all the joys of life gain ground again; perhaps even more ground than before, because beginning the eighteenth century there is a tendency to regard the natural *per se* as an element of the ethically good. Anyone attempting to draw the dividing line between the higher and lower enjoyments of life according to the dictates of ethical consciousness would no longer separate art from sensuous enjoyment, the enjoyment of nature from the cult of the body, the elevated from the natural, but would only separate egotism, lies, and vanity from purity.’ (Huizinga, 1996, p.40)

Sombart's views. Furthermore, the separation of the moral and economic aspects of luxury had the important consequence of distinguishing the effect of luxury on the nation as opposed to that on the individual, which encouraged thinkers to look at luxury in exclusively economic terms completely divested from moral implications. In fact, Christopher Berry cites a treatise by Nicholas Barbon—*Discourse on Trade* from 1690—which according to Berry was the first to make a distinction between the repercussions of luxury on nation and individual separately.

The firm separation of luxury's moral and economic matters was precisely the great contribution of Hume's seminal essay on luxury, *Of Refinement in the Arts*, which saw luxury under a positive light for its contribution to commerce: 'Luxury nourishes commerce and industry.' (Hume, 1904, p.284) A number of writers, especially in France had already grasped the favorable implications of luxury. From Voltaire's famous and typically tart remark, "Le supeflu chose très nécessaire" (The superfluous—a great necessity) to François Melon's sapient observation that, 'Diamonds are brought from very distant Countries, and we pay Silver for them: But we do not go on Purpose, and at great Expense to seek them. It is a part of general Commerce, and Diamonds make a new Value of Circulation, which is received through the World' (Melon, 2003, p.264), luxury increasingly shone of a new, lustrous light.

Yet it would be a mistaken assumption to imagine a straight, immutable progression in the rehabilitation of luxury: 'there was no simple progression from disapprobation to endorsement of luxury, but rather, a dialectical debate which centered on questions of individual and national virtue, economic expansion and canons of taste, definitions of self and the social redistribution of wealth.' (Berg, Eager, 2003, p.8)

Louis-Sebastien Mercier's writings provide an interesting counter-dialectic to the sanctioning of luxury. In his *Tableaux de Paris*, Mercier had a very critical view of luxury in the capital, for 'Mercier was continuously appalled by the luxuries he saw in Paris (Berg, Eager, 2003, p.21) Mercier's copious memories have furnished historians an invaluable description of every-day life in Paris in the years before the end of the Ancien Régime: Sombart cited Mercier's criticism of luxury often—'luxe, bureau des riches' (Sombart, 1967, p.62) i.e. luxury, the executioner of the rich—as proof that luxury had indeed reached staggering proportions. But Mercier's dissenting views on luxury were beyond the merely moralistic, and, Sombart overlooked that Mercier's argument was primarily economic—at least in Mercier's view. It is fair to note that it was Mercier's works from the 1780s that have mostly been consulted, since historians have been fascinated by life at Paris at the eve of the Revolution. However, Mercier kept memoirs well before Louis XVI's accession in 1775; and I located a most interesting passage written in 1772, which shows Mercier's preoccupation for luxury as an economic "scourge". In speaking of the inflated prices of wine, Mercier noted that,

The duty was become so excessive, that it greatly surpassed the price of the commodity. One would imagine that wine was forbid by the law [...] The taxes must be enormously enhanced, to satisfy the horrible avarice of the farmer-general; and the citizen in Paris, rich or poor, drinks and the nation remains impoverished by his vices. [...] The first maxim that a king should learn is, that plentiful coffers depend upon the diminishment of vices of a people. (Mercier, 1772, p.144-5)

Mercier condemned the exasperate search for luxurious items that every class displayed because he thought it was ruinous. His reproach, however, seems to display more ethical import than economic acumen: after all, if indeed as Mercier suggests the yearning for luxury was rampant in every class, and, such behavior was a source of revenue for the state through taxes, why would Mercier wish for a "diminishment of vices of people" if that secured "plentiful coffers" for a state? Clearly there is a confusion upon whom luxury is a scourge—or a benefit: is it upon the state or the individual? It seems that Mercier is unsure of which agent is negatively affected by luxury; and we may also question whether in fact Mercier's view that luxury was ruinous economically to either agent was ever true.

Sombart, (1967, p.114) obviously, did not agree with Mercier and cited Montesquieu, who in his *Esprit des Lois* stated that, ‘if rich were not lavish, the poor would starve’, for according to him luxury was responsible for what we nowadays call trickle-down economics, as was indisputably elaborated by François Melon:

The excessive Price paid for some trifling Provisions, which the Luxurious Man displayeth with Profusion [...] is an Instance of the highest, and most ridiculous kind of Luxury, and yet, why should this extravagant Expense be exclaimed against? The Money thus earned, would, if it lay in the Chest of the Luxurious Man, remain Dead to the Society. The Gardiner receiveth it, and hath deserved it, as a recompense of his Labour, which is thereby excited again. His Children, almost naked, are thereby clothed; they eat Bread in Plenty, enjoy better Health, and labour with cheerful Expectation.  
(Melon, 2003, p.262)

Clearly, Montesquieu and Melon were not enthusiastic on all fronts about luxury, but neither could fail to overlook its resulting economic advantages.

Finally, there were writers who directly opposed the restriction of luxury, because they thought it stifled economic growth. Christopher Berry, produces the testimony of Dudley North, who in his *Discourses upon Trade* from 1691 wrote that, ‘countries which have sumptuary laws are generally poor because these countries discourage industry and ingenuity.’ (Berry, 1994, p.115) Adam Smith echoed this very sentiment when he said, “It is the highest impertinence and presumption [...] in kings and ministers, to pretend to watch over the economy of private people, and restrain their experience, either by sumptuary laws, or by prohibiting the importation of foreign luxuries.’ (Smith, 1994, p.377). Smith was speaking both in favor of consumption and liberty, and, against the old, hierarchical system that was trying to hold on to its slipping privileges with sumptuary laws.

Sombart’s theory seems to be sustained by the debates that were occurring during the period he analyzed. And yet, a great historian of capitalism, Fernand Braudel, dismissed Sombart’s view for being negligible in relation to the central factors of capitalism’s growth: Braudel thought that courts were an aberration, had no influence on real economic growth, and thus did not reflect markets or ‘real’ society. Braudel’s faulted Sombart for his stance, which ‘takes the development of capitalism out of the hands of ordinary entrepreneurs, and puts it squarely into the laps of aristocrats who did little business yet reaped the rewards from the economic efforts of others.’ (Mukerji, 1993, p.439)<sup>2</sup> This quote from Braudel is that which Chandra Mukerji opens her article, to disputing Braudel’s contention by focusing on the interdependence between courtly gardens and capitalist culture in early modern France; in it, she demonstrates that courts’ materialism appreciably contributed to entrepreneurs’ economic development and methods, thus sustaining Sombart’s view in the court’s role of capitalism’s spread and countering Braudel’s disputation. But Braudel restricted Sombart’s argument excessively: Sombart did use the courts as an egregious example for the enormous urge for luxury, but he did not limit himself to them. As we saw earlier, Sombart insisted on the importance of the emergence of the bourgeois, who, in his wish to carve for himself a new place in a changing society, wanted to replicate the courtly extravagance to sanction his right to be a constituent of ‘high society’, and most importantly, to his prove that birth was not a prerequisite for status: this had the effect of increasing the scope *and* availability of luxury, which undoubtedly fomented capitalistic development.

Still, we ought not to overlook—as I think Braudel did—the contribution of courts to the ‘turning of the wheels of commerce’, as Braudel would have stated: it is enough to read through the colossal expenditures for the construction of Versailles from 1660 to 1689—which are so elephantine to be beyond computation—to conclude that it is impossible that they did not have an effect on the economy and the rise of new markets.

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<sup>2</sup>Chandra Mukerji. “Reading and Writing with Nature: a Materialist Approach to French Formal Gardens” *Consumption and the World of Goods*. (London: Routledge, 1993), p.439.

## Conclusion

In conclusion, how are we to gauge the potency of Sombart's ideas? I think that Sombart's idea that luxury had a role in the development of capitalism remains a fundamental contribution, which is clearly confirmed by most economic thinkers of the early capitalist period, who saw luxury as a tonic for economic growth. It is therefore not inappropriate that in the introduction to Sombart's work Philip Spiegelman declares that *Luxury and Capitalism* has 'recently been pulled back into the orbit of contemporary academic consciousness.' (Sombart, 1967, p.v) In fact, almost a century after Sombart pioneered his idea, James Perkin followed suit by stating that it was consumer demand, which was 'the most important economic factor in the genesis of industrialism.' (Perkin, 2002, p.92) And so, it is true as Maxine Berg holds, that the division of labor created new luxuries but it is also arguable, as Sombart did, that the lure of luxury stimulated the division of labor and the creation of new markets.

That none of the economic historians of all denominations who have postulated innumerable theories to explain why capitalism rose in the West after the mercantilist period has ever provided one, all-encompassing explanation that fulfills all the complexities of the formation of the capitalist system is emblematic of the enormity of the problem. Yet, we can surely observe the coincidence of the surge of luxury and the expansion of capitalism. Sombart's *Luxury and Capitalism*, in this respect, remains an alluring book, but, it is equally true that one encouraged the other, and, therefore, to find out which came first may be impossible. It is time we understood that finding a definitive explanation may be a chimerical pursuit; and that all theories, no matter how compelling, are but threads of the enormously intricate tapestry that is the rise of capitalism.

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