

S. HERBERT FRANKEL

MODERN CAPITALISM
AND THE JEWS

OXFORD CENTRE PAPERS

S. HERBERT FRANKEL

MODERN CAPITALISM
AND THE JEWS

OXFORD CENTRE FOR
POSTGRADUATE HEBREW STUDIES
1983

© S. Herbert Frankel, 1983

Published by
The Oxford Centre for Postgraduate Hebrew Studies
45 St. Giles', Oxford, England

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior permission of The Oxford Centre for Postgraduate Hebrew Studies.

The publication of the Oxford Centre Papers is made possible by a grant from the Dov Biegun Memorial Publications Fund.

Printed in Great Britain

The title of this paper is taken from that of the once classic, indeed notorious, book published in 1911 by Werner Sombart under the title *Die Juden und das Wirtschaftsleben*.¹

Werner Sombart was born in Germany in 1863 and died there in 1941. He held the Chair of Economics at the University of Breslau from 1890–1906 and later at the Handelshochschule in Berlin. He aimed at making it his life-work to discover and to explain the rise and development of modern capitalism. In 1902 he published *Der Moderne Kapitalismus*,² which purportedly revealed the very essence and spirit of capitalism.

Sombart claimed that his book *Die Juden und das Wirtschaftsleben* was written as a result of his accidental discovery of objective facts which showed him the importance of the role of the Jews in modern capitalism. Whether or not this was the origin of his views cannot be proved. It has been suggested, rather unconvincingly, by Bert Hoselitz that it was an act of courage for Sombart to write the book at all 'because in the Germany of his day, plagued as it was by a strong and increasing undercurrent of anti-semitism, no matter what his conclusions were they were unlikely to please anyone and this was precisely what happened'.³ The book was, indeed, denounced both because it was seen as giving comfort to anti-semites and 'by Jew-baiters to support those who wanted confirmation of the viciousness, parasitism and moral depravity which they attributed to the Jews'.⁴

It is just as fallacious to argue that a work must be impartial because it appears to rest on objective facts, as it is to assume that if an opinion is equally attacked from opposing sides it must be true. What motivates an author in his search for the 'facts' and determines their alleged 'discovery' often takes, as every historian knows, very peculiar twists and turns, as do the conclusions ultimately drawn from them.

Sombart asserted that the Jews had created modern capitalism. Indeed the term Jewish and capitalism were used synonymously by him, as was quite common at the time. Practically all early German (and French) socialists, as Edmund Silberner has shown⁵, decried Jewry for its putative predominance in trade and finance. Karl Marx's well-known but usually misunderstood epigram 'The social emancipation of the Jews is the emancipation of society from Judaism', i.e. from commercial calculation, is based on this use of the words Jews and Judaism.

Sombart asserted that capitalism could be traced back to the quality of cold calculation and rationality of the desert nomad, quite foreign to the Nordic peasant. This intellectual disparagement of commercial calculation can still be found in unexpected quarters in the Western world. Sombart saw the 'commercial spirit of the Jews' as having overwhelmed the utterly opposite nature of the Nordic. His thesis, although anti-semitic only by implication, was taken up not only by socialists and anti-Jewish agitators

but by conservatives in response to the development of the liberal economic order sponsored by Bismarck. After the great crash, of 1873, a spate of literature emanating mostly from reactionary quarters inundated Germany.⁶

Urbanism, commercialism, stock speculation, disgruntled industrial workers, economic crisis — in a word capitalism, was declared to be newly emancipated Jewry's ungrateful response.

Paul R. Mendes-Flohr, a Senior Lecturer at the Hebrew University, has pointed out that it is perhaps paradoxical that these notions of a particular Jewish aptitude for money-trade and commerce were granted academic respectability by philo-semitic scholars eager to demonstrate that the Jews were deserving of emancipation and full participation in Germany's liberal economy. It is also significant that when Sombart first published *The Jews and Modern Capitalism* in a serialized form, he was asked to lecture before audiences 'recruited mainly from the Jewish intelligentsia'. This is astonishing for, as pointed out, the picture Sombart presents is so constructed that one senses the zealotry and compulsiveness that guided his pen. Indeed, the eminent economic historian Professor David S. Landes⁷, observed that it is difficult to understand why his book was not dismissed out of hand as pseudo-scholarly work. Be that as it may, the fact remains that for the most part Sombart's characterisation of the economic ethos of the Jew was not radically questioned. This, suggests Mendes-Flohr, 'is perhaps explained by the pervasive familiarity and *ergo* credibility of the motifs Sombart embroidered into his tapestry'.⁸ (Although Sombart had earlier embraced Socialism, he finally became a staunch Nazi.) In *Deutscher Sozialismus* (1934) he justified the exclusion of Jews from the spiritual and economic life of Germany because he claimed 'capitalism was the expression of the "Hebraic spirit" '.

Sombart's ideas on the role of the Jews in the development of modern capitalism have been refuted by so many scholars both Jewish and non-Jewish that there would seem to be no purpose in again raising the issues involved. Oddly enough, however, the ghost of Werner Sombart has still not been laid to rest. Had it been otherwise I should not have ventured to add this little footnote to the long drawn-out discussion of his work.

My renewed interest in the subject was the result of an unexpected experience. In 1972 I heard echoes of Sombart's thesis in a lecture of an economist who is, in our time, if anything even more distinguished than Sombart was in his. The occasion was the delivery by Professor Milton Friedman, the internationally eminent economist, of the Presidential address⁹ to the Mont Pellerin Society (whose members are economists, political scientists and others drawn from many countries) at its Montreux meeting to celebrate the 25th anniversary of its foundation. The subject Friedman chose to speak about had never before been discussed in the society by him or any other member and, as far as I know, had never been

raised by him anywhere else in print. The title of the Presidential address was 'Capitalism and the Jews'.

Friedman commenced by referring to the fact that when Professor Friedrich Hayek convened the first meeting of the Society in 1947 the prospects for freedom looked bleak. (I should perhaps mention that the aim of the society was to take up once again in war-torn Europe the slender remaining threads of liberty.) Friedman pointed out that at the time there had, as a result of the war, come about an unprecedented centralisation of economic controls in every belligerent country and the socialists were well on their way to establishing central planning not only in war but in peace. They could point triumphantly to the full employment resulting from inflationary war finance as evidence for the superiority of central planning over capitalist chaos, and if that occurred there would be little hope of halting the slide to full-fledged collectivism. He pointed out that this fortunately did not take place. On the contrary government inefficiency and the appreciation of the conflict between central planning and individual freedom checked the movement towards general collectivism. But Friedman thought it was otherwise in the realm of ideas, in which there was only a temporary intellectual reaction against governmental intervention. Intellectual opinion in the West had once more started to move in a collectivist direction. Friedman regarded this paradox as a major challenge 'to those of us who believe in freedom'. He asked why this failure to persuade intellectuals everywhere had occurred. He expressed the view that until members of the society could find a satisfactory answer they were not likely to succeed in changing the climate of opinion.

Friedman admitted that it was not his aim that evening to give a ready answer because he had none. Rather, he hoped to examine a particular case of the paradox — the attitude of the Jews toward capitalism. He went on to express the view that it could be readily demonstrated that the Jews owe an enormous debt to free enterprise and competitive capitalism and, that at least for the past century, the Jews had consistently opposed Capitalism and had done much ideologically to undermine it. He asked how these propositions could be reconciled and stressed that he was led to examine the paradox partly for personal reasons. He thought that all present that evening were accustomed as an intellectual minority to being accused by fellow intellectuals of being reactionaries but 'those of us who are also Jewish are even more embattled being regarded not only as intellectual deviants but also as traitors to a supposed cultural and national tradition'. Friedman concluded his introductory remarks by stating that his personal interest was reinforced by the hope that the study of this special case might offer a clue to the general paradox. He expressed the belief that he could explain, to a very large extent, the anti-capitalist tendency among Jews, but pointed out that the most important elements of the explanation were peculiar to the special case and could not readily be generalized. He

hoped that others would be more successful in this respect.

It is necessary first to understand what Friedman means by his contention that the Jews owe an enormous debt to capitalism. He means in fact that they owe an enormous debt to the free market. Where it has been free, enabling people generally to enter trades, occupations and professions according to their abilities, Jews have been able to prosper. There were in the past and still are many sectors in which Jews are discriminated against. In these, few Jews will be found and there will also be found privileged classes of persons protected by their relative monopoly position. The same phenomenon occurred in many countries. Where competition and the free market flourished so did the Jews, and Friedman stressed particularly that the record shows that Jews have rarely benefited from authoritarian regimes, except as selected individuals chosen by monarchs or the church, as in the case of the Court Jews of the eighteenth-century.

Friedman's paradox is why, given the beneficent effects of the free market, did the Jews not support it? Why, on the contrary, and particularly for the past century, have the Jews been a stronghold of anti-capitalist sentiment? How, he asked, did it come about that in spite of the intellectual explanation, from Adam Smith to the present day, of why the free market was so beneficial have the Jews been so disproportionately anti-capitalist? In passing, it is worth stating that this question could, of course, logically speaking also be asked about innumerable other groups of individuals or sections of society. It could be asked about blacks, or Catholics, or about Asian immigrants or even about men or women as separate groups. Among all of these categories there must inevitably be some, or even a majority, who are socialist or anti-capitalist. Is the existence of these groups therefore also to be regarded as giving rise to a paradox?

Friedman considered the views of various writers to account for the alleged anti-capitalist mentality of the Jews. He dismissed out-of-hand the attempt to explain it as a direct reflection of values derived from the Jewish religion and culture because Jewish opposition to capitalism and attachment to socialism was a modern phenomenon. In his opinion it occurred only after the enlightenment and then primarily only among Jews who were breaking away from the Jewish religion. It is curious that he then proceeded to argue that Sombart made out a far stronger case for the contrary view namely that Jewish religion and culture implied a capitalist outlook. He referred to Sombart's view that throughout the centuries the Jews championed the cause of individual liberty in economic activity and that the Jewish religion should have the same leading ideas as capitalism. He quoted Sombart that 'The whole religious system is in reality nothing but a contract between Jehovah and his chosen people . . . God promises something and gives something, and the righteous must give him something in return. Indeed there was no community of interest between God and man which could not be expressed in these terms — that man performs

some duty enjoined by the Torah and receives from God a *quid pro quo*. 'Free trade,' Sombart concluded, 'and industrial freedom were in accordance with Jewish law and therefore in accordance with God's will'.

Friedman was aware of the generally unfavourable reception accorded to Sombart's book and referred to the fact that something of an aura of anti-semitism had come to be attributed to it but he suggested that there is nothing in it to justify any charge of anti-semitism. Indeed, he interpreted the book as philo-semitic and stated categorically 'I regard the violence of the reaction of Jewish intellectuals to the book as itself a manifestation of the Jewish anti-capitalist mentality'. It is worth noting, in passing, that Friedman apparently did not realise that Sombart was using the Jews deliberately or unconsciously as a foil to promote socialist, and later national socialist ideas in the service of his fervent German patriotism.

Friedman expressed the view that it is hard to see direct links with Jewish tradition in these attitudes to capitalism, and he approved Nathan Glazer's view that 'One thing is sure: it is an enormous simplification to say Jews in Eastern Europe became socialists and anarchists because the Hebrew prophets had denounced injustice twenty-five hundred years ago . . . The Jewish religious tradition probably does dispose Jews, in some subtle way, toward liberalism (used in the American sense of the word) and radicalism, but it is not easy to see in present-day Jewish social attitudes the heritage of the Jewish religion'.

Friedman also dismissed the view that the Jewish anti-capitalist mentality simply reflects the general tendency for intellectuals to be anti-capitalist, this accentuated here by the disproportionate representation of Jews among intellectuals. It was his impression that a disproportionately large number of Jewish intellectuals were 'collectivists', and, moreover this explanation did not account for the attitudes of those Jews who were not intellectuals.

Friedman finally arrived at a theory of his own. Anti-semitism produced the well-known stereotype of a Jew as primarily interested in money, who put commercial interests above human values and who was cunning, selfish, and greedy. To this stereotype, it was Friedman's thesis, Jews could have reacted either by accepting the description but at the same time rejecting the idea that the character-traits in the stereotype were really blameworthy or they could have accepted these traits and values as blameworthy but have rejected the stereotype which embodied them in the Jew. Friedman argued the Jews could have accepted their role in the capitalist world and openly defended the beneficence of the free market. Since few of us can escape the intellectual air we breathe, it was hardly to be expected that they would. Indeed, they inevitably came to share the values and prejudices of the world which despised the 'merely' commercial. They were led to say to and of themselves that if Jews are like that, the anti-semites are right.

The other possible reaction concluded Friedman is to deny that the Jews are really like the stereotype and to do this by explicitly persuading oneself, and not only oneself but the anti-semites also, that Jews contrary to the stereotype were not money-grabbing, selfish, and heartless but in fact public spirited and concerned with ideals. And, asked Friedman, how better could they do this than by denigrating the free market and glorifying the political process?

This impressionist view of the Jew who overreacts is, of course, whether Friedman realised it or not, the well-known stereotype of the *Salon Communist* (lounge-communist) — the rich man who hides his conscious or unconscious feelings of guilt for being rich by joining the communist cause or parading his communist sympathies for the sake of humanity. Friedman thus applied the guilt feelings of estranged individuals to a group on the basis of race. He explained that he was led to this, surely astonishing, solution of the paradox of the anti-capitalist mentality of the Jews by his experience in Israel, where ‘after several months’ he came to the conclusion that the quickest way to generalise about values in any area in Israel was to ask what was true of the Jews in the Diaspora and reverse it: thus in the Diaspora Jews lived in towns and pursued commerce but in Israel agriculture had much higher prestige; in the Diaspora Jews shunned military service, while in Israel they have demonstrated extraordinary competence in it and so on — he even found that in the Diaspora Jews were excellent cooks while in Israel cooking was generally terrible. It is not astonishing that he reached the conclusion that the main explanations of the paradox of the anti-capitalist mentality of the Jews was to be found (1) in the special circumstances of nineteenth century Europe which linked pro-market parties with established religions and so drove Jews to the left and (2) in their sub-conscious attempt to demonstrate to themselves and the world the fallacy of the anti-semitic stereotype.

Notwithstanding the fact that at certain times individual radical Jews or Jewish groups played an important role in political movements, I regard Friedman’s generalisations as a-historical and as indefensible. I believe that the question posed by Friedman is actually a non-question based on the mythology or fallacy that races and peoples can be regarded as having identifiable general social characteristics or attitudes which determine their behaviour. I pointed this out when Friedman had finished his address.

But there is an even deeper question. What, one must ask, could have been the cause of Friedman’s astonishing generalisations?

Let us turn once again to the case of Werner Sombart. The deeper study of it, I suggest, provides a clue to finding the answer.

Four years after Friedman gave his Presidential address, Dr. Mendes-Flohr published his arresting analysis, to which I have already referred, of what I would call the Sombart paradox. He unravelled what accounted for Sombart’s extra-ordinary coupling of the Jews with modern capitalism. I

say extra-ordinary advisedly — for is it not indeed extra-ordinary that a small and but recently emancipated minority in the modern European nation states should be regarded as having been a prime force behind the capitalist system? Looked at objectively, is not this in itself a most peculiarly impressionistic view of history?

I am reminded of a personal experience which I should like to share with you to illustrate what I mean. About thirty years ago I was engaged in an official investigation in East Africa and was very friendly with a high-ranking, and I should add, a most dedicated member of the Colonial government in Kenya. One day he fetched me for a lunch engagement. His car was delayed at a road-junction because a large number of Indian children were rushing out of school to a playground across the road. At this my friend blurted out a highly uncomplimentary epithet about all those children's parents who he said were responsible for the backwardness of the Africans. As it happened I had for some time been examining the 'Indian question'. The facts bore no relation whatever to this stereotype. The Indians were the visible bearers of an emerging free market economy in so far as they were permitted to operate in it by restrictive laws of the Colonial Government and by African custom which confined Indians mainly to commercial occupations. Yet they were accused of being responsible for the consequences of the economic changes that the developing free market and capitalism were slowly creating. Similar to Sombart's accusation against the Jews with which I will deal in a moment, they were accused of being so poor that they could undercut both the Africans and the whites and yet so rich, because of their alleged unduly high profits, that *obviously* they were freezing out everybody else because of the money they invested. Moreover it also was *obviously* clear that they were sending their money illegally to India at the same time! Actually they had by being largely confined to commerce developed the most efficient system of commodity distribution East Africa has known, ever, to the great advantage of the indigenous population. I think a study should be written to elucidate the official and unofficial anti-Indian feeling in the African Colonial territories. It would, I believe, show that it originated in the realisation that the outmoded and paternalistic economic attitudes in Africa were failing. That failure was unconsciously demonstrated daily by the growth of free market activities which government paternalism did not understand and of which, hitherto it had taken insufficient account. But let me return to Mendes-Flohr's analysis, with which my little historical anecdote is not as unconnected as may at first be thought.

Sombart's *The Jews and Modern Capitalism* formally claimed, as Mendes-Flohr shows, to be a scholarly revaluation of Max Weber's study on Puritanism and modern economic behaviour. Sombart set out to demonstrate that Weber should really have localised the spirit of capitalism in Judaism because fundamentally 'Puritanism is Judaism'. It is Mendes-

Flohr's thesis that Sombart's study of the Jews' economic life is not merely another Weberesque academic contribution in the debate on religion and economic behaviour or that it was his intention to pay a compliment to the Jews as the progenitors of capitalism but that it was an ideological exercise — in a sense even a personal psychological one. Sombart despised the capitalistic present in which he lived and identifying it as a product of *Judentum*, offered him the possibility of reconciliation with his overriding *Deutschtum*.

Sombart, as Mendes-Flohr notes, 'began his scholarly career as a member of the *Verein für Sozialpolitik*, an association established in the wake of the social dislocations engendered by the liberal economic order sponsored by Bismarck's Second Reich. Although many of the businessmen, civil servants and academicians who founded the *Verein* in 1873 were liberals and proponents of *laissez-faire* and a United Germany they were still somewhat sentimentally attached to the 'idyllic life' of pre-industrial Germany' (p. 88). Their outlook was still predominately paternalistic. 'They expected from unification and economic progress a spiritual regeneration of their idealised Germany — the *Volksgemeinschaft*' (p. 88). Instead of this they perceived a growing division which they ascribed to the excesses of applied Manchesterism, i.e. those of the English *laissez-faire* liberal economists. Sombart's first studies showed a close identification with the ideas of the *Verein* and with his father who was one of its founders. Both father and son showed hostility to industrialism. But in the eighteenthies Sombart, increasingly aware of the rising standards of living of the peasantry and the proletariat resulting from the increased productivity of the modern economy, experienced a personal crisis and felt compelled to assert his identity in the *Verein* as distinct from that of his venerated father. He abandoned patriarchal ideals and embraced more 'leftist' views.

In Max Weber's view capitalism (i.e. the free market), if properly guided by a politically mature and responsible bourgeoisie, could lead Germany out of its social malaise. By contrast Sombart, in his early writings tried to square the circle dictated by his need to reconcile the obvious benefits of modern industrialism with the 'spirit of the idealised past'. He unequivocally rejected capitalism and plumped for socialism. But some ten years later he had developed doubts about the role of the trade unions and the proletariat in the spiritual regeneration of the *Volksgemeinschaft*. How then could the circle be squared now?

Over the ensuing years he formulated the ideas contained in *The Jews and Modern Capitalism*. Briefly what Sombart attempted was to split the capitalist spirit into the entrepreneurial on the one hand, and that of the commercial calculating bourgeoisie on the other. Real entrepreneurship, Sombart argued, in its fully adventurous disciplined amoral character and drive for power, had come to be fused in modern capitalism with the bourgeois spirit which he identified with the image of the stereotype of the

Jew. As Mendes-Flohr sums up: the many logical inconsistencies in *The Jews and Modern Capitalism* suggest a compulsive desire to demonstrate that the 'guilt' of capitalism, or rather its more deprecatory aspects viz., acquisitiveness, artificiality and practical rationality lies with the Jews'. It is difficult not to agree with Mendes-Flohr's conclusion that Sombart's cultural despair found expression in 'The Jews and Modern Capitalism' whose basic contention was that not *Deutschtum* — not his idealised United Germany — but *Judentum* was responsible for bourgeois capitalism.

Let me for a moment glance at the kind of historical facts which Sombart relied on and at the fallacious and logically inconsistent way he presented them. Such inconsistencies often betray one. For example Sombart, although admitting the paucity and inconclusiveness of the statistical data associating Jews and commerce nevertheless suggested that one should assume 'that since many Jews converted or assimilated, they and their descendants who appear as Christians still retained Jewish characteristics', for 'again and again men who contribute to the development of capitalism appear as Christians, who in reality are Jews'. Many Huguenots, for instance, were probably Jews, especially 'when we take into consideration the numerous Jewish names (i.e., biblical first names) found among (them)'. *Post hoc ergo propter hoc*. Because of this 'fact' 'the contribution of the Jews to the fabric of modern economic life will, of necessity, appear smaller than it was in reality'.¹⁰

With this perspective and alleged historical background Sombart wrote of the golden thread of Jewish wealth from King Solomon to Bismarck's banker, Bleichröder, as if it was one grand bank account handed down from generation to generation. Moreover since the Jew thus clearly had money he was able to lend it and this Sombart asserted paved the way for capitalism. The argument is circular. The 'proof' that the Jews had money to lend was the inference that as they lent it they must have had it. As in the case of the Indians in Africa, to which I referred previously, Sombart explains the Jews' alleged ability to undersell by their extreme frugality — an argument which hardly tallies with his previous inference that the Jews had money because eye-witnesses related that the Jews made 'ostentatious' and 'conspicuous' displays of their wealth. Thus the circle was squared. *Deutschtum* — idealised unified Germany — can be saved by real heroic capitalism as long as it is cleansed of the bourgeois spirit — the spirit of Judaism. In contradistinction to the Jews, who constitute a *Händlervolk* the Germans, with their aptitude for bold enterprise, are in his view, at least politically a *Heldenvolk*. Only by reasserting its primal heroic spirit represented by the Prussian aristocracy, could Germany be preserved as 'the last dyke against the muddy flood of commercialism'.

In 1915 Sombart wrote a war tract in which it is perhaps not astonishing to find that there is a temporary transference of the guilt of bourgeois capitalism from the Jews to the English. In it Sombart, in rejecting the idea

of a 'European culture', asks 'How could a European emerge from a mixture of a heroic German and a calculating Englishman?'¹¹

In conclusion, let me draw some threads together. I have attempted to focus attention on the ironical circumstance that some one-hundred years after Sombart accused the Jews of responsibility for modern capitalism, Milton Friedman accused them of disproportionate intellectual and political support for socialism.

It is astonishing to find that Friedman uses impressionistic evidence or forms of argument which have a striking resemblance to those used by Sombart. Even the thesis put forward by Friedman — that one way for Jews to counter the idea that they are like the popular caricatures or stereotypes of them is to persuade themselves and if possible the anti-semites that far from being selfish and heartless Jews are really public-spirited, generous and concerned with ideals rather than material goods — is directly paralleled by Sombart who wrote:¹²

If we find so many Jews with just the opposite manner of thinking, with what one might almost call an extravagant altruistic sense, a rigorous selflessness and a zealotry against all selfishness, we may then deduce just from these reaction phenomena the existence of the indicated national characteristic.

Indeed, Friedman as well as Sombart, it may be argued, was seeking, in this way, simple explanations of political and economic circumstances which ideologically and emotionally deeply concerned them.

Sombart was concerned about what he saw as the threat to his ideal society by capitalism. Friedman was concerned by what he perceived as the renewed threat of socialism and collectivism. Neither Friedman nor Sombart were able to support their arguments by historical facts or by logical analysis. In this connection it is not only tragic but also ironical that support for the free market and capitalism, which Friedman advocated as the obvious and certain way the Jews should have chosen, was by Sombart and later by the Nazis the economic crime of which they were accused and for which so many suffered martyrdom. It is just as tragically ironic to find that those who remained for the most part economically unemancipated in the ghettos of Eastern Europe and sought for new hope in socialist and political action finally fared little better.

But the fundamental issue with which this essay is concerned, is not only that the answers we have examined were wrong but that so too were the questions which gave rise to them. These questions posed apparent dilemmas which were in reality false. As Gilbert Ryle has shown¹³ often thinkers are at loggerheads with one another, not because their propositions do conflict but because they imagine that they do. They find themselves at cross-purposes because they suppose themselves to be giving rival answers to the same questions, when this is not really the case. Such cross-purposes can be characterised by saying that the two sides are hinging their arguments upon concepts which really fall into different categories of thought

but which they suppose fall into the same category or vice versa.

Both Sombart and Friedman, as so many others do, used the words 'the Jews' and 'Judaism' as distinct categories which depict attributes by which Jews can be identified in their economic, political, or social actions as if there were a world of the Jews — a Jewish world or, one could add, a Protestant or Catholic world — as distinct from the real world. I will not here attempt to unravel this philosophical problem. Let me only assure you that there is no need to despair. There is no contradiction between the real world and the apparently different world of Jews or Catholics or what have you — these so-called different worlds are but particular aspects of the one real world — indeed they are what constitutes it. The world of the banker who happens to be a Jew is not a different banking world than that of the Protestant or the Catholic. The physicist who is a black man is not engaged in a different type of physics than one who is white. The world of Jews who are capitalists or socialists does not differ from the world of capitalists or socialists who are Gentiles.

Adam Smith regarded the propensity to truck, barter and exchange as common to all men. To attempt to categorise their economic, political and social actions, as if they depend on different natural attributes, does violence not only to language and logical thought but contributes to human tragedy.

NOTES

¹ Leipzig: Dunker und Humblot 1911. trans. by M. Epstein in London in 1913 as *The Jews and Modern Capitalism*. Introduction by Bert F. Hoselitz. The Free Press Glencoe Illinois. 1951. I wish to thank Professor Uriel Tal for his helpful advice in the preparation of this paper.

² 2 vols. Leipzig 1902.

³ Hoselitz. Introduction to *The Jews and Modern Capitalism*. p. xviii.

⁴ *ibid.*

⁵ Karl Marx, 'On the Jewish Question', in *Early Writings*, trans. and ed. by T. B. Bottomore, New York 1964, p. 40. Quoted from Paul R. Mendes-Flohr, 'Werner Sombart's: The Jews and Modern Capitalism'. *Leo Baeck Institute Yearbook*, XXI. 1976. p. 87.

⁶ Uriel Tal discusses this literature in detail in his book *Christians and Jews in the Second Reich 1870-1914* (in Hebrew), Jerusalem 1969. (An English edition, *Christians and Jews in Germany. Religion, Politics and Ideology in the Second Reich, 1870-1914*, was published in 1975).

⁷ David S. Landes, 'The Jewish Merchant. Typology and Stereotypology in Germany', in *Leo Baeck Institute Yearbook*, XIX (1974), p. 22. Quoted by Mendes-Flohr *ibid* p. 94.

⁸ Mendes-Flohr *ibid* p. 94.

⁹ Subsequently made available for private circulation.

¹⁰ Quotations in this paragraph are from Mendes-Flohr *ibid* p. 97.

¹¹ Mendes-Flohr *ibid* p. 106.

¹² Quoted from Arthur Mitzman's analysis of Sombart's sociology. Mitzman added: 'Sombart's evidence for the prominence of selfishness in the Jewish character is a good example of the Catch-22 logic usually found in racist arguments.' Arthur Mitzman, *Sociology and Estrangement*. Alfred A. Knopf.

¹³ Gilbert Ryle, *Dilemmas*. Cambridge University Press, 1957.

The Oxford Centre for Postgraduate Hebrew Studies is a research institute for advanced studies enjoying the academic recognition of Oxford University. Its aims are to foster and deepen an understanding and appreciation of Hebrew and Jewish studies at Oxford University and in society at large.

S. Herbert Frankel is Emeritus Professor of Economics at Oxford University and a Fellow of Nuffield College. He is Chairman of the Centre's Board of Governors. This paper is based on a lecture delivered by Professor Frankel at the Oxford Centre for Postgraduate Hebrew Studies, 11 February, 1981.