The role of Judaism and Protestantism in the development of capitalism and the creation of human capital

The article concerns the influence of religions on the economic activity of their adherents. This influence could directly result from the ethical principles of a given religion or be indirect and unintended by their creators and reformers. According to Botticini and Eckstein the knowledge and skill of the interpretation of the Law required by Judaism effected the development of education. It also became an agent of survival of the Jewish community and its engagement in the market economy. Wealth was a sign of acting according to the divine Law.

Max Weber proposed a thesis of the significance of Protestantism for the emergence of Capitalism. For Protestants the economic success resulting from following one's vocation was a proof of the state of grace and gave hope of salvation. It justified, from the faith perspective, the profit gaining and the state being wealthy. According to the “human capital hypothesis” Protestantism which required the knowledge of the Bible created favourable conditions for the development of education and, in turn, the economic development. Both hypotheses do not exclude each other. The link between the Protestant religions and literacy became apparent long after the birth of Reformation. It became significant for the economic development only in the second half of the 19th century.

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