**1 Theoretical Approaches**

Background Material: Weber’s theory of formal rationality

Weber’s concept of *formal* rationality is not referring to the difference between formal and informal but to the difference between form and content or form and substance. For example, he defined formal rationality in economic activities as ‘the extent of quantitative calculation or accounting’ (Weber, 1978 [1920]: 85). Indeed economic formal rationality might be described as a bookkeeper’s or accountant’s view of rationality: the calculation of assets and liabilities, costs and revenues, profit and loss, the rate of return on capital and so forth. But Weber was well aware of the narrow focus of this formal rationality and he emphasised that it is not the only kind of economic rationality; there is also an economic *substantive* rationality that is concerned with ultimate values and goals. ‘Formal and substantive rationality, no matter by what standard the latter is measured, are always in principle separate things’, and ‘even the formally most perfect rationality of capital accounting … does not reveal anything about the actual distribution of goods. This must be considered separately’ (*ibid*.: 108). Such separate, substantive analyses:

apply certain criteria of *ultimate ends*, whether they be ethical, political, utilitarian, hedonistic, feudal, egalitarian or whatever, and *measure the results of the economic action,* however formally ‘rational’ in the sense of correct calculation they may be, *against these scales* of ‘value rationality’ or ‘*substantive* goal rationality’ (*ibid.*: 85, emphases added).

What Weber described here as ‘formally’ rational ‘in the sense of correct calculation’ was the calculation of numbers by the accountants and economists. However, formally rational calculations can also occur where *rules* are concerned and where a ‘correct calculation’ refers to assessing how the rules should or will operate. And Weber’s concept of formal rationality also applies to the legal system and the state’s bureaucratic administration. In fact he argued that the capitalist market economy required ‘a legal system the functioning of which is calculable in accordance with rational rules’ (*ibid.*: 337). Such calculability was required of not only the judiciary but also the state’s administrative officials – through ‘a discharge of business according to *calculable rules*’ (*ibid*.: 975). When describing the features of modern public administration he noted:

[The] second element mentioned, calculable rules, is the most important one for modern bureaucracy. The peculiarity of modern culture, and specifically of its technical and economic basis, demands this very ‘calculability’ of results (*ibid.*).

Calculability is not the only similarity between administrative and economic formal rationality: there is also a similar distinction between formal and substantive kinds of rationality. Weber argued that judicial or administrative decisions are *substantively* rational when they are influenced by such norms as ‘ethical imperatives, utilitarian and other expediential rules, and political maxims’ rather than being decided by applying ‘fixed legal concepts in the form of highly abstract rules’ (*ibid*.: 657). This distinction between formal and substantive rationality is also evident in *political* decision-making. According to Weber, ‘not only such power-wielders as hierarchs and despots, and particularly enlightened despots, but also democratic demagogues may refuse to be bound by formal rules’ when they are ‘confronted by the inevitable conflict between an abstract formalism of legal certainty and their desire to realize substantive goals’ (*ibid*.: 811).

Politics also exemplifies how formal rationalization can involve a combination of rules *and* numbers. It is true that economic formal rationality, too, includes calculable rules as well as numbers. For in addition to the state’s legal and administrative regulation of market activities, there are informal rules of the game that Weber described as ‘market ethics’, and he also noted the existence of rules ‘disobedience to which entails economic failure’, which might be called practical ‘rules of success’ in the marketplace (*ibid.*: 636, 585). Nonetheless, the most prominent example of formal rationality combining rules and numbers appears in the leading variant of modern politics – the *democratic* politics of modern representative democracy.

 Obviously there are many constitutional and electoral rules associated with such a democracy. As was mentioned earlier on this website, Weber described how electoral provisions constitute the ‘rules of the game’ for a democracy’s electoral contest. But the key rule is the fundamental democratic principle that the majority ‘rules’ whenever a group is deciding who or what to choose. Weber noted that the application of the ‘majority principle’ to elections is the key to the emergence of ‘a genuine electoral system’, and he pointed to how ‘commanding a majority of votes’ in a parliament is the key to political parties’ control of parliamentary government – and of course is also the key to law-making in any legislature (*ibid*.:1126, 294). Furthermore, the majority-rule principle ensures that *numbers* and the calculating of numbers are crucial because they determine who will rule or what will be accepted, such as candidates in a presidential election or a proposed law being considered by a legislature or by the electorate in a referendum. Thus democratic politics is largely a matter of ‘who has the numbers’ and of ‘counting rather than cracking heads’.

Politics exemplifies, too, how formal rationality is a matter of degree and is also the result of a historical process of rational*ization*. Politics has not always been democratic and many countries are still non-democratic or only partly democratic. The formal rationalization of politics through modern democracy’s ‘rules and numbers’ has been as recent as the formal rationalization of *administration* through modern bureaucracy. And a similar comparison could be made with the formal rationalization of the *economy*. Weber argued that the ‘formal rationality of money calculation’ – which ‘attains its highest level of rationality’ as capital accounting – is dependent upon ‘a thorough market freedom’ unaffected by monopolistic practices (*ibid*.: 108). Such thorough market freedom is no less recent historically than are modern bureaucracy and democracy. Furthermore, many contemporary economies do not have ‘thorough market freedom’ and therefore cannot have attained the highest level of formal rationality. Calculating numbers in these economies may be as dubious as calculating the numbers in supposed democracies whose elections lack ‘thorough market freedom’ and are affected to varying degrees by various monopolistic practices, as is described in Chapters 8 and 9.

Further Reading for Chapter 1:

On totalitarianism/authoritarianism see Linz, *Totalitarian and Authoritarian Regimes* (2000)

On military regimes see Finer, *The Man on Horseback* (1988)

On one-party states see Brooker, *Twentieth-Century Dictatorships* (1995).

On electoral authoritarianism see Schedler, *Electoral Authoritarianism* (2006)

On authoritarian hybrids see Levitsky and Way, *Competitive Authoritarianism* (2010).