



MAX WEBER

Economy
and
Society

A NEW TRANSLATION

Edited and translated by **KEITH TRIBE**

ECONOMY AND SOCIETY

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A New Translation

M A X W E B E R

Edited and translated by

K E I T H T R I B E



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Preface

Max Weber was working on *Economy and Society* when he suddenly fell ill and died in June 1920. He had drafted and proofed the first three chapters and begun the fourth, which remained a fragment. He had not drafted any related material since 1913; resuming in 1919, he was now working to a new plan, but he left behind no notes or correspondence indicating what this plan was. Weber was conscious of the delays that dogged the project and had suggested to his publisher that *Economy and Society* should appear in instalments and then, once finished, be published as a complete book. In February 1921 the first instalment duly appeared, comprising the three completed chapters and a fragment of the fourth, that had been written in 1919–1920, typeset, the first three chapters having been proofed by Weber. It is the material in this February 1921 instalment, part I of the book we know today as *Economy and Society*, that is translated here.¹

Max Weber's widow sought, however, to reconstruct the book as it had been planned in 1914. She therefore added earlier drafts to this new material; this appeared in three further instalments, the entire work being published for the first time in 1922. It is a version of this 1922 book that was published in English in 1968 under the title *Economy and Society. An Outline of Interpretive Sociology*,² a work widely regarded as Max Weber's final contribution to the social sciences of the twentieth century, and which did much to shape his later reputation as a comparative sociologist.

¹ All translations in the following are my own, unless otherwise noted.

² In three volumes, edited by Guenther Roth and Claus Wittich (New York: Bedminster Press, 1968).

The first instalment had already been translated into English during the 1930s and was published in 1947 under the title *The Theory of Social and Economic Organization*, edited by Talcott Parsons. During the later 1940s, two other influential selections of Max Weber's writings were published in English,³ positioning him as a sociological theorist whose work was a central point of reference for American sociology and political science during the 1950s and 1960s—and in this guise was reimported into West Germany. This reputation was consolidated in 1964 with the republication of *The Theory of Social and Economic Organization* as a paperback, and also, more negatively, by a conference in Heidelberg marking the centenary of Weber's birth at which both Herbert Marcuse and Jürgen Habermas criticized his contemporary standing in the postwar social sciences. During the 1970s, this critique of Weber's work and its relationship to the American social sciences was reinforced by arguments that compared his analysis of capitalism, unfavourably, with that of Karl Marx. Not until the 1980s did more thorough scholarship begin to free Max Weber's work of these tangled prejudices, so that today he is widely acknowledged once more as the leading theorist of modernity—whether this is conceived as a social, economic, political, or cultural phenomenon.

Economy and Society runs to over 1,500 pages in the English edition; the first instalment, referred to as “part I” in the 1968 edition, accounts for the first 300 pages. Given its mixed structure—with 80 percent of its content made up of material from older manuscripts, many of which bear no direct relationship to these first 300 pages—attention has tended to focus on the first and third chapters of part I: a presentation of basic sociological concepts and the use of these concepts in presenting a typology of political forms. As the subtitle of the 1968 English translation makes clear, Weber was then thought not only to be primarily a sociologist but to have in this book laid the foundations of an “interpretive sociology.” Both ideas can be shown to be misconceived, but today there is also greater interest in the analysis of political organisation presented in the third chapter. The second chapter, on social categories of economic action, in which Weber builds an analysis of economic institutions from social processes, has never attracted very much attention, in part because

³ Hans Gerth and C. Wright Mills, eds., *From Max Weber* (New York: Oxford University Press, 1946); E. Shils and H. Finch, eds., *The Methodology of the Social Sciences* (New York: Free Press, 1949).

its style of economic argument was quickly displaced during the 1930s by the more formalised approach familiar today. Nonetheless, given the growing criticism of the kind of economics taught in colleges and universities today, this chapter provides a valuable perspective through which our understanding of economic activity might be reimagined.

Hence, the idea of publishing the first instalment as a separate volume has a great deal to be said for it, this being the only section of a book that Max Weber prepared for publication. In addition, this separate publication only existed in an English edition until the Max Weber Gesamtausgabe devoted Band (Bd.) I / 23 to it, with all the further manuscript material divided among the five separate parts of Band I / 22—replicating in the volume order the actual chronological order of composition.⁴ Separate publication has much to be said for it as a way of clarifying Weber's intentions. But the existing English translation also has many flaws that combine to obscure what exactly Max Weber was trying to do in 1919 and 1920. In presenting this new translation of that work, I hope to make Max Weber's real intellectual achievements more accessible.

Nevertheless, this cannot be done by simplifying what is a densely argued text. Weber was a very fluent and compelling public speaker, but the rigour and consistency of his scholarly writing demand close attention. This new translation does not artificially smooth the path for a reader but is organised in a way that provides the reader with appropriate assistance. First, each chapter is prefaced with an overview of its structure and argument, so that the reader is able to make sense of how it develops. Chapter 1 is the most well structured of the three main chapters because the material had been delivered in lecture courses during 1918 and 1919. Much of Chapter 2 relates to Weber's lectures on economic history during the winter semester of 1919–1920, while he also draws on lecture courses he had delivered in the 1890s. Chapter 3 is in fact a revision of one of the older manuscripts incorporated into *Economy and Society*, but, especially in its closing pages, here Weber keeps referring the reader forwards to later material that he never wrote. This roughness in the text is not concealed here; nor where the text degenerates into lists is an effort made to smooth these into something more like a continuous narrative. Instead, the

⁴ The separate parts are referred to below, following the convention adopted by the editors of the Gesamtausgabe, as MWG I / 22-1 to MWG I / 22-5.

points where Weber refers the reader to material he never actually lived to write are footnoted and, where appropriate, explained. In addition, Weber's lists are opened out visually by adding two additional levels of indentation, so that sections and subsections are more clearly distinguished.

An important feature of the original text preserved here is the distinction between definitional paragraphs and expository sections. In the original text the first were printed in a larger font, while the latter exposition was in a much smaller font. Initially the definitions were concise, and the exposition expansive. However, in the course of Chapters 2 and 3 the definitional paragraphs become longer and longer, and the associated exposition foreshortened. This shift is an important clue to what is happening in the text, which is why it is important to preserve it visually. Rather than represent the two levels of the text through the size of typeface, the layout adopted here uses a uniform font size throughout but indents and justifies the definitional paragraphs. However, later in the text Weber made increasing use of concatenating lists within these definitions; for the sake of readability the list items are unjustified on the right margin, making clear that they are a continuation of the definition. These textual markers—indentation, justification, and an unjustified right margin—need to be kept in mind, especially if you are reading this on a screen rather than in hardcopy. This textual feature—a progressive shift away from concise exposition to sketched argument—is evidence that the text was not in fact finished when Weber died; had he lived, he would very possibly have tightened the presentation.

Finally, Weber was very fond of littering his pages with emphases, which can at times become off-putting. Parsons simply ignored them, but here again, in smoothing the text something is lost. Today, emphasis of this kind is conveyed by an italic font; but since it is usual in translations to use italics for words given in the source language, here a bold font is used for Weber's own emphases.

Besides these textual features, two appendices are added. The first deals with key German terms used by Weber that are flagged in the translated text as they occur and in the Index. I explain in this Appendix the conceptual and practical difficulties of translation, and account for the choices I have made. The second Appendix collapses the first chapter to its basic constituent expository paragraphs, the better to appreciate the rigorously sequential manner in which Chapter 1 proceeds.

The Introduction provides a detailed explanation of the need for a new translation, describes the context and genesis of *Economy and Society* in the years before World War I, identifies its sources, and recounts the production history of the English translation of the first instalment published in 1947. From the mid-1890s, Weber always referred to himself as an “economist”—a self-understanding that was, of course, removed from today’s idea of what an “economist” might be. From late 1913, Weber began to refer to his work on *Economy and Society* as “my sociology”; in early 1919, he was appointed as Munich Professor of “Social Science, Economic History and Economics,” with “social science” included at his request. To understand what Weber might have conceived “sociology” to be, and how “his” sociology might deviate from this, we also need to know something about his contemporary “sociologists.” The final part of the Introduction therefore provides an explanation of what Weber’s “sociology” is and why we can regard the chapters translated here as a more or less complete account of what that sociology might be. The text is itself unfinished and in places very raw, but it does contain the analytical components that have proved foundational for the social sciences, and this translation seeks to preserve a rawness in the composition that enables us to better understand how the creation of this foundation was achieved.

ECONOMY AND SOCIETY

Introduction to Max Weber's *Economy and Society*

THE BOOK KNOWN IN ENGLISH as *Economy and Society* was first published in four instalments during 1921 and 1922,¹ and then in 1922 as a single book under the title *Wirtschaft und Gesellschaft*. This book was divided into three unequal parts, *WuG I*² being the first and shortest, and also the only section of the work that had been revised by Weber and typeset before he died in June 1920. That is the part translated here.³ The rest of the book had been assembled from drafts written before 1914 that Marianne Weber had found in Weber's study, papers that she collated and assembled with the assistance of Melchior Palyi. The sheer bulk of the resulting text—over eight hundred pages of small print in a large-format book—has always presented something of an obstacle to an understanding of Weber's purposes in composing it, although

¹ In February 1921, October 1921, April to May 1922, and September 1922. See Max Weber Gesamtausgabe [Complete Works] (henceforth MWG), I/24, p. 102.

² "Part I" was added by Marianne Weber to the title page for the first instalment published in February 1921 (see MWG I/24, pp. 43, 98), but since this instalment was made up of three apparently complete chapters plus the fragment of a fourth, it would have been obvious to readers that this "part" was incomplete. Marianne Weber does not appear to have conducted her editorial work during the summer and autumn of 1920 according to any notes Weber might have made concerning the structure of what he was working on, nor did Max Weber at any time refer to the chapters he drafted in 1919–1920 as "part I." For obvious reasons, I refer to this section repeatedly here, but need to remind the reader of these reservations; in the following, I will therefore refer to the first four chapters of *Economy and Society* as *WuG I*.

³ This translation is based on Max Weber, *Wirtschaft und Gesellschaft. Die Wirtschaft und die gesellschaftlichen Ordnungen und Mächte* (Tübingen: J. C. B. Mohr [Paul Siebeck], 1922). Marianne Weber added the subtitle, using a subheading from a printed summary outline of June 1914 (see MWG I/24, pp. 168–69). To explain exactly why this was a mistaken idea cannot be attempted here. The text of the first instalment was published as *Wirtschaft und Gesellschaft. Soziologie. Unvollendet 1919–1920*, ed. Knut Borchardt, Edith Hanke, Wolfgang Schluchter, Max Weber Gesamtausgabe, Bd. I/23 (Tübingen: J. C. B. Mohr [Paul Siebeck], 2013).

the book itself has long been regarded as a canonical work. Attention has usually been directed to individual sections—to the account of the sociology of law, or to the sociology of religion, and especially to the programmatic first chapter on basic sociological concepts. And it was in this fragmented form that the first English translations were made, beginning in 1947 with the publication of *WuG I* under the title *The Theory of Social and Economic Organization*, edited by Talcott Parsons.⁴ During the 1950s, there followed various translations into English from later sections of the book, most of which were then incorporated and synthesised in 1968 into a complete three-volume edition edited by Gunther Roth and Claus Wittich under the title *Economy and Society*.⁵

This final English publication of the “complete text” was not quite so straightforward as it might seem, however. Editorial changes had been made to the German editions subsequent to 1922, so that among other things the 1968 English edition, based on Winckelmann's fourth German edition of 1956, no longer entirely corresponds to the 1922 German edition, and while Roth and Wittich used the 1947 Parsons and Henderson translation of *WuG I*, they introduced revisions that rendered it rather less useful than the version printed in 1947 as *Theory of Social and Economic Organization*. For this reason, *The Theory of Social and Economic Organization* is treated here as the reference translated text rather than the version of that translation published in 1968 as part of *Economy and Society*. But why should we need a new English translation

⁴ Max Weber, *The Theory of Social and Economic Organization. Being Part I of Wirtschaft und Gesellschaft*, trans. A. R. Henderson and Talcott Parsons (London: William Hodge, 1947), p. 404; Max Weber, *The Theory of Social and Economic Organization*, trans. A. M. Henderson and Talcott Parsons (New York: Oxford University Press, 1947), pp. 436; Free Press paperback edition 1964 (this edition hereafter referred to as *TSEO*). Henderson's first names were Alexander Morell; the initials as given in the Hodge edition are incorrect.

⁵ Max Weber, *Economy and Society. An Outline of Interpretive Sociology*, ed. Guenther Roth and Claus Wittich (New York: Bedminster Press, 1968) (hereafter cited as *E & S*). This was republished in 1978 by the University of California Press in two volumes, and this version was reissued in 2013 together with a new foreword by Gunther Roth (pp. xxviii–xxxvii), which provides an overview of the text's history and its reception in more recent years. The composition of this edition is listed in the draft bibliography appended to my “Translating Weber,” in *Why Concepts Matter. Translating Social and Political Thought*, ed. Martin J. Burke and Melvin Richter (Leiden: Brill, 2012), pp. 228–29. A separate translation of chapter 1 by H. P. Secher was also published in 1962 as *Basic Concepts in Sociology* (New York: Philosophical Library). See the complete publication history of the German and English versions of the text below.

of *Economy and Society*, chapters 1–4? What are the particular problems in Parsons's presentation of Weber's text that would make a new translation desirable?

The answer can be simply put: Parsons's translation and presentation of what turned out to be Weber's last word on the concepts and methods of the social sciences tends to conceal what Weber was doing in this text. If I claim that Parsons has hidden something from us, however, I also need to identify what he has hidden. Criticism of Parsons's translation is not enough: there are the usual issues of lexical or stylistic choices made in translation, but this is only one part of the problem. Nor can it be argued that detaching *WuG I* from the remainder of the book limits our perspective since, rather confusingly, part I of *Wirtschaft und Gesellschaft* chronologically *postdates* parts II and III, and so is more conclusion than introduction. If it were only a matter of correcting Parsons's choice of terminology, one could indeed question whether lexical revision would justify the claim that an entirely new translation transforms our understanding of the text. The following discussion is dedicated primarily to a presentation of what Weber is doing in the text, but before approaching this, we also need to know what Parsons made of it, since his reading of Weber has largely shaped understanding of this text ever since, in any language. The problems with Parsons's translation can be summarised in the following five points.

First, throughout *WuG I* Weber employs a consistent, idiosyncratic, and very compressed terminology that lends emphasis to the sense of structure in his text.⁶ Parsons, and following him, Roth and Wittich, often opt to elaborate single terms or phrases, blurring the sharpness of the conceptual structure. The Translation Appendix A includes discussion of some of the problems that Weber's lexical usage raises, and in footnotes to the translation, comment on Parsons's choices. Here it might also be pointed out that in the 1968 edition, Roth and Wittich also eliminated many of Parsons's own footnote discussions of translation difficulties, obscuring Parsons's recognition of the problems he faced in making Weber's text intelligible in English.

This practice of elaborating expressions and phrases rather than seeking a more direct translation is related to a more familiar issue: that some of Parsons's

⁶ Hence, where the structure begins to fall apart in chapters 2 and 3 only adds to the sense that Weber is seeking to develop a very particular structure, but in this case falls short.

lexical translation choices—for example, “authority” for *Herrschaft*, “corporate group” for *Verband*—conceal internal linkages in the conceptual armoury that Weber so painstakingly assembles. As Edith Hanke demonstrates in her introduction to MWG I/22-4, it took several years for Weber to refine the category of *Herrschaft* into a central concept of his social analysis—carrying the implication that all social organisation requires rule, direction, and command. It eventually became a generic and neutral concept, complemented in chapter 1 with *Verband*, here translated simply as “organisation,” a social framework that comes to life only when coupled with “rule,” such that *Herrschaft* is present in every *Verband*, thus becoming the defining character of organised social structure. As will be discussed below, there are key terms that Weber relentlessly uses whose neutrality gains substance only in a particular context, gaining function or purpose as specific types of social order. This is a central feature of Weber’s sociology that is exposed in *Wirtschaft und Gesellschaft*, but which is so easily overlooked.

Second, Parsons’s translation practice emphasised structure over process. Added to Weber’s deliberate use of generic, neutral concepts, which only gain explanatory value in definite and specifiable contexts, is another layer of processual terminology, most noticeable in the opening paragraphs of chapter 2.⁷ As the author of *The Structure of Social Action*, it is perhaps no surprise that Parsons would impose his own methodological choices on the text,⁸ and this much is clear in the introduction to *Theory of Social and Economic Organization*.⁹ Weber is not an analyst of social *structures*, however, but primarily an analyst of social *processes*, and this is embedded in the terminology that he selects. This feature is already obvious in the 1904/1905 essays on the *Protestant*

⁷ Where emphasis is laid on the continuous, ongoing nature of economic activity in *Betrieb* (for the complex connotations of this term see the explanation in Appendix A), and also in his argument that economic activity should not be understood in terms of “supply and demand,” but instead in the ramifying desire for utilities and the activity that this desire prompts in seeking their satisfaction.

⁸ Talcott Parsons, *The Structure of Social Action: A Study in Social Theory with Special Reference to a Group of Recent European Writers* (New York: McGraw Hill, 1937); see my discussion of this in my essay “Talcott Parsons as Translator of Max Weber’s Basic Sociological Categories,” *History of European Ideas* 33 (2007): 212–33.

⁹ Parsons expounds Weber’s “Methodology of Social Science” not by reference to Weber’s own sources, but rather according to the approach he adopted in *The Structure of Social Action*. See the introduction to *TSEO*, pp. 12–20.

Ethic, whose guiding interest is the idea of *Lebensführung*, or “life conduct,” that is, the process of leading one’s life. Similarly, while the term *Gesellschaft* is of course part of the book’s title, “society” as an entity, that is, a structure for itself, is not of any great analytical interest for Weber: instead, he talks of *Vergesellschaftung*, or the forming of society, that is, “sociation.” Analogously, despite the word forming part of the title, he is not so much interested in *Wirtschaft* as in *das Wirtschaften*: not in an “economy” or an enterprise, but in economic activity or action, the flow of this activity, and the placement of the individual in this flow. When Weber becomes diverted in chapter 2 by Knapp’s monetary terminology, progressively derailed by a casuistry more deliberately impenetrable than his own, the fact of this derailment also brings to our attention a need to consider what he is deviating from—why is it that this extended diversion into monetary systems is a diversion? A diversion from what?

Third, from 1913 Weber regularly referred to *Wirtschaft und Gesellschaft* as “his sociology.”¹⁰ Parsons in effect presents Weber in terms of *his own* sociology, the guise in which Weber did become a “founding father” of sociology in the 1950s and 1960s, and the discipline to which his work became routinely ascribed.¹¹ The problem continues: Wolfgang Schluchter, an editor of MWG I/23, has published a book entitled *Max Weber’s Late Sociology*,¹² as though there ever was an “early” Weberian sociology. Wilhelm Hennis’s vigorous denial of the idea that Weber was ever “a sociologist”¹³ of this kind successfully detached Weber from this American heritage and brought about a reconnection to more classical political foundations, added to which it could also be

¹⁰ In a letter to Paul Siebeck, 3 November 1913 Weber wrote: “For myself, I have worked up my contribution into a *sociology*, so as to provide a substitute for Bücher’s poor contribution, I still have some work to do on that.” *Briefe 1913–1914*, MWG II/8, p. 344. See his letter to Paul Siebeck, 21 February 1915, Heidelberg, *Briefe 1915–1917*, MWG II/9, p. 21, and to Paul Siebeck before 10 May 1916, Charlottenburg, MWG II/9, p. 411: “Meine ‘Soziologie’? Dear God! . . . There is more in the way of references and the like to be added, but the *text* itself has to be *shortened*. I hope to be able to do that. More than that is at present impossible. The sociology will have to be completed *after* the war.” For a general discussion of Weber’s “sociology,” see Klaus Lichtblau, “Max Weber’s ‘Sociology’ as Seen Against the History of the Work,” *Max Weber Studies* 15, no. 2 (2015): 232–47.

¹¹ See Lawrence A. Scaff, *Max Weber in America* (Princeton, NJ: Princeton University Press, 2011), pp. 244ff.

¹² Wolfgang Schluchter, *Max Webers späte Soziologie* (Tübingen: Mohr Siebeck, 2017).

¹³ See especially “‘A Science of Man’: Max Weber and the Political Economy of the German Historical School,” chapter 3 of his *Max Weber’s Central Question*, 2nd ed. (Newbury, U.K.: Threshold Press, 2000), pp. 105–47.

said that for virtually all of his academic life Weber self-identified as a political economist—this was “our discipline,” as he quite frequently stated.

Having shed these preconceptions, we can turn to the work on which Weber was engaged at his death and ask the question: If this is “his sociology,” what kind of sociology is it? This new translation suggests that it was certainly not anything like sociology as understood by his peers; nor was it anything like the sociology into which Weber was fitted in the mid-twentieth century or the sociology of the early twenty-first century. It was something more interesting than any of these, and this point will be addressed in conclusion.

Fourth, *Wirtschaft und Gesellschaft* was never a book in its own right; it was part of an extensive handbook that Weber had been editing since 1908, the *Grundriss der Sozialökonomik*.¹⁴ While Parsons does note this in his preface,¹⁵ he makes no further mention in his lengthy introduction of this large-scale collective handbook that Weber had overseen and coordinated for many years, and whose guiding theme was the structure of modern capitalism.¹⁶ *Wirtschaft und Gesellschaft* was eventually Weber's only direct contribution to the *GdS*, although early plans show that he had originally intended to write several pieces for it. Moreover, over the years he had changed his mind about what *Wirtschaft und Gesellschaft* would contain. While working on *WuG I* in 1919 and early 1920, evidently Weber was once again changing his mind about the shape the text would take, since there remain in it numerous references to material that had not yet been drafted, and never would be—material that was neither found among surviving drafts nor corresponds to any of the plans that he had previously made.¹⁷ Understanding what Weber had in mind while writing *WuG I* means having some sense of his perspective on the handbook for which it was intended and which Weber himself had planned. *WuG I* develops ideas whose anticipations can be traced through the various plans drawn up for the *GdS*, in the structuring of parts, in the choice of contributors, in his struggles to win over contributors, and in his irritation with some

¹⁴ Hereafter cited as *GdS*.

¹⁵ *TSEO*, p. v.

¹⁶ Guenther Roth does, by contrast, include in his 1968 introduction a brief summary of the provenance of *Wirtschaft und Gesellschaft* and the structure of the *GdS*. *E & S*, pp. 56–61.

¹⁷ These references were eliminated from the translation in *TSEO* and *E & S* but are preserved and footnoted here.

of the eventual submissions. If we are to understand *Wirtschaft und Gesellschaft*, we need to form some idea of the project for which it was written, the course that it took, and the motivation of the text, so that we might better understand why it eventually turned out the way that it did.

Finally, there is a materiality to the book as originally set that helps the reader follow Weber's arguments. Not only is Weber's text very densely argued, it was also laid out in a very particular way, but *Theory of Social and Economic Organization* and the Roth and Wittich *E & S* version of that translation simply discard Weber's layout. Chapter 1 is organised in all German editions as seventeen main paragraphs in a larger font asserting basic principles and introducing conceptual distinctions that are then elaborated more discursively in smaller print. In addition, these elaborations are often developed as a series of nested distinctions using the Roman and Greek alphabet. Combined, this is what Weber called his casuistry, or what could more generally be viewed as a catechism,¹⁸ with chapter 1 especially providing evidence of its development from lectures delivered in Vienna and Munich. While the strict division between statement and exposition becomes weaker in the course of chapters 2 and 3, the nested subparagraphs there become a much more prominent feature. Given the large format (page size 10½ inches by 7) and small typefaces employed in the 1921/1922 edition, here a large amount is crammed on to every page.¹⁹ The MWG editions conform to this basic format, albeit with a much more readable typeface, but since the page size is now smaller (9 inches by 6), with editorial footnotes often taking up a significant amount of space on any one page, this means that there is much less of Weber's text on each page and its structure is not so evident to the reader. The page size of *Theory of Social and Economic Organization* is smaller yet (8 inches by 5½), resulting in a very striking optical difference between that text and the 1922 edition.

Direct comparison of p. 80 of the German 1922 text and p. 250 of *Theory of Social and Economic Organization* highlights the real impact of Parsons's changes in format. On p. 80, we can see a clear difference in font size between

¹⁸ On 8 November 1919, Weber wrote to Paul Siebeck that the book would need careful proofing "exactly because I lend the material a 'pedagogic' form that I think fitting, so that 'sociology' can finally be treated in a rigorous and scholarly manner, and not as the dilettantist outpouring of inspired philosophers." MWG II/10.2, p. 833.

¹⁹ The 180 pages in 1921/1922 become 340 pages in *TSEO*.

the statement of chapter 2, §24, and its subsequent exposition, the increasingly complex subcategorisations, and the function of the emphases that Weber scatters across the page. On this page, Weber is unusually restrained in making such emphases, but *Verkehrswirtschaft* and *Wirtschaften*, for example, jump off the page.²⁰ The material presented on p. 80 covers the equivalent of two entire pages in Parsons's version; although Parsons preserved some of the numbering, the differences between the presentation of the two texts has some very significant repercussions.

The form of presentation for the 1922 edition was perfectly normal in German works of the time, marking a didactic rather than narrative function—and more generally, font and layout were not something peculiar to *Wirtschaft und Gesellschaft* as such but were simply dictated by the *GdS*'s house style. Parsons, on the other hand, regarded this alternation of statement and exposition as “somewhat unusual,” and in the same footnote in which he explains why he altered the text's layout he goes on to suggest that the original was “relatively fragmentary” and that Weber did not, apparently, intend “this material to be ‘read’ in the ordinary sense, but rather to serve as a reference work for the clarification and systematization of theoretical concepts and their implications.”²¹ And so Parsons conveys to the reader the idea that Weber was constructing sets of definitions rather than a systematic didactic structure; he then obscures the sense of system one gets from scanning the original German pages by converting what Weber designed into a continuous narrative, interpolating subheadings for each paragraph to create a structure of his own.²² Weber's customary heavy use of emphasis is also discarded, further obscuring the strict formality of the exposition. The reader can no longer so clearly see how Weber's arguments are constructed, progressing definition by definition,

²⁰ See Appendix A for discussion of the meaning of these terms.

²¹ *TSEO*, p. 89n4.

²² This is yet another level of complexity in the history of the text: for the first instalment of February 1921, Marianne Weber drafted an analytical summary of contents in which each paragraph was listed with a short title. These do not, however, appear in the chapters themselves as subheadings, and so one reads the chapters as they were written by Max Weber independently of these signposts. Parsons, however, took Marianne Weber's summary descriptions of content and used versions of them as subheadings in the chapters. Since the distinction between definition and exposition had been removed, these subheadings now signpost the whole section rather than the definition paragraph as is implied by Marianne Weber's analytical contents. This practice on the part of Parsons also reinforced any misdirection resulting from his translation practice.

and, more important, the business policies they pursue. The influence exercised on the market situation, especially that for capital goods, and in turn on the orientation of production of goods for profit, by speculative interests outside the producing organizations themselves, is one of the sources of the phenomena known as the 'crises' of the modern market economy. This cannot, however, be further discussed here.

24: THE CONCEPT OF OCCUPATION AND TYPES OF OCCUPATIONAL STRUCTURE

The term 'occupation' (*Beruf*) will be applied to the mode of specialization, specification, and combination of the functions of an individual so far as it constitutes for him the basis of a continual opportunity for income or for profit. Occupations may be distributed in the following ways: (1) by a heterogeneous assignment of functions and provision of maintenance within a corporate group regulating economic activity—the unfree differentiation of occupations—or through autonomous orientation to the state of the market for occupational services—free differentiation of occupations; (2) its distribution may rest on the specification of functions or the specialization of functions; (3) it may involve economic exploitation of the services by their bearers on either an autoccephalous or a heteroccephalous basis.

The structure of occupational differentiation and that of opportunities for income and profit are closely related. This will be discussed in relation to the problems of social stratification.²⁴

1. The unfree organization of occupations exists in cases where there is compulsory assignment of functions within the organization of a royal estate, a state, a feudal manor, or a community on the basis of liturgies or of the other type of structure. The free type of distribution arises from the successful offer of occupational services on the labour market or successful application for free 'positions.'

2. As was pointed out above in sec. 16, the specification of functions was typical of the organization of the handicrafts in the Middle Ages; specialization is characteristic of the modern form of rational organization. Occupational distribution in a market economy consists to a large

²⁴ See chap. 10, with particular reference to occupation as a basis of social prestige and class status.

All of this chapter, which is to be found in the German edition, is included in the present translation. It is, however, a mere fragment which Weber intended to develop on a scale compatible with the others. Hence most of the material to which this note refers was probably never written down—Ed.

extent of technically irrational specification of functions, rather than of rational specialization of functions, because it is oriented to the market situation and hence to the interests of purchasers and consumers. These interests determine what services will be offered to and selected by a given productive unit, often independently of the technical aspects of the specialization of functions. And this often necessitates modes of combinations of functions which are technically irrational.

3. Cases of autoccephalous occupational specialization are the independent 'business' of an artisan, a physician, a lawyer, or an artist. The factory worker and the government official, on the other hand, occupy heteroccephalous occupational positions.

The occupational structure of a given social group may vary in the following ways: (a) According to the degree in which well-marked and stable occupations have developed at all. The following circumstances are particularly important in this connexion; the development of consumption standards, the development of techniques of production, and the development of large-scale budgetary units in the case of unfree occupational organization, or of market systems in that of free organization; (b) according to the mode and degree of occupational specification or specialization of individual economic units. This will be decisively influenced by the market situation for the services or products of specialized units, which is in turn dependent on adequate purchasing power. It will also be influenced by the modes of distribution of control over capital goods; (c) according to the extent and kind of continuity or change in occupational status. This in turn depends above all on two factors: on the one hand, on the amount of training required for the specialized functions, and on the other hand the degree of stability or instability of opportunities for earnings from them. The latter is in turn dependent on the type and stability of distribution of income and on the state of technology.

Finally, it is always important in studying occupational structure to know the system of social stratification, including the distribution of opportunity in the different classes and the types of education which are available for the various types of occupations requiring specialized training, notably the learned professions.

It is only functions which require a certain minimum of training and for which opportunity of continuous remuneration is available which become the objects of independent and stable occupations. The choice of occupation may rest on tradition, in which case it is usually hereditary,

category by category.²³ While it may be conceded that Parson's version is easier to read than the original, this simplification has a severe impact on what a reader is able to understand of what Weber wrote. To highlight this feature of Weber's presentation, Appendix B reduces chapter 1 to the seventeen main paragraphs stripped of the intervening exposition, allowing the reader to see quite clearly the developing sequence in which Weber presents his central concepts.

Chapter 1 is the most finished of all the chapters; suppression of the relentless formality of Weber's approach here makes it much harder for a reader to grasp exactly what Weber is doing. Conversely, in chapter 2 the suppression of Weber's format and the substitution of a continuous narrative conceals something different: that part way through the text begins to run out of control,

²³ For the reverse story, where Parson's replication of Weber's layout and terminology were suppressed by the publisher of his 1930 translation of Weber's *Protestant Ethic*, see Scaff, *Max Weber in America*, pp. 222–26.

with the definitional paragraphs becoming increasingly discursive, and the nesting of sections and subsections becoming increasingly complex and problematic. In chapter 3, even the numbering of subheadings goes astray in places, and the sequencing of paragraphs and subsections is sometimes so ramified that, for instance, I have inserted a footnote pointing out where §7a.3 can be found, to which §7a.4 relates. The implications of these issues will be discussed below.

All the same, it has to be said that Parsons's conversion of the very difficult later sections of chapter 2 into continuous narrative does render the text much more readable, and the skill with which he moderates the larger excesses of the monetary terminology that Weber here took over from Knapp is quite admirable. Parsons's glossing of Weber, rather than strict translation, continues on into chapter 3, where the German text in places gives the impression that Weber is interpolating notes for later elaboration, and the argument becomes quite fragmentary. Parsons's response to this is therefore very helpful in making the text more readable, although in improving readability we lose sight of its provisional nature. Also relevant here is the way that Weber inserts pointers to elaborations of his argument that he never drafted; when combined with the simple listing of cases and examples, the text in places reads in German more like a set of stubs than a continuous narrative.²⁴

These five points will be elaborated as follows. First, I will present a brief account of the genesis of the *GdS* project, how Weber envisaged his direct contribution to it, the architecture he gave it, his recruitment of contributors, and the frustrations he inevitably encountered in managing its execution. Then I will turn to the history of *Wirtschaft und Gesellschaft* itself, relating the initial construction placed on it by Marianne Weber to its subsequent reorganisation by the editors of the MWG. Next I will describe how the first four chapters ended up as *Theory of Social and Economic Organization*. This is followed by a more strictly textual history of *WuG I* that considers the composition of the individual chapters in relation to material and arguments presented in earlier work by Weber. I will then focus on some aspects of the intellectual context, that is, the writings of contemporaries who are sometimes considered to be influences on the text, providing a means of assessing the degree to which

²⁴ Compare, for example, the final sections of Chapter 3, §12, below with *TSEO*, pp. 367–69.

Weber borrowed from or developed others' ideas. Here a central paradox will become apparent: Weber rarely acknowledges explicitly such influences, and where he does so, it is often more misdirection than any indication of his real intellectual debts. Whenever Weber directly acknowledges a writer, we need to be on our guard and not presume continuity of influence, for Weber's registration of his intellectual influences often marks out where, rather than adapting and developing his contemporaries' ideas, he systematically and productively *deviated* from them. He would borrow something *only to invert it*, that is, to turn it into something else.²⁵ Recognition of this procedure then provides a pathway into a consideration of what "his sociology" might have been and how this related to his choice of *Sozialökonomik* as the field to which *Wirtschaft und Gesellschaft* was addressed.

This is a complex, incomplete text with a tortuous history; I begin with the project for which it was conceived and written.

The *Grundriss der Sozialökonomik*

Weber's most enduring institutional engagement in his lifetime was neither his work as a university teacher (after his appointment in Freiburg in 1894, he completed only ten full teaching semesters)²⁶ nor as an editor of the *Archiv für Sozialwissenschaft und Sozialpolitik* (while much of his published work from 1904 to 1920 appeared in its pages, his direct involvement diminished after three or four years).²⁷ Instead, the principal ongoing academic task with which he was preoccupied from 1908 to 1920 was the organisation of a handbook on the structure of modern capitalism—the *Grundriss der Sozialökonomik*.

²⁵ We see this with the concept of "ideal type." Georg Jellinek had distinguished an "ideal type" from an "empirical type," the latter listing phenomena but not representing any essentialism. Weber adopted the "empirical" type, but then called it an "ideal" type, thus reversing Jellinek's usage. See Andreas Anter, *Max Weber's Theory of the Modern State. Origins, Structure and Significance* (Basingstoke, U.K.: Palgrave, 2014), pp. 13–14.

²⁶ He worked for six semesters in Freiburg from winter semester 1894–1895 to summer semester 1897; in Heidelberg, winter semester 1897–1898; in Vienna, summer semester 1918; in Munich, a late-starting summer semester in 1919; in Munich, winter semester 1919–1920.

²⁷ See Friedrich Lenger, "Anfang und Ende einer spezifisch deutschsprachigen Sozialwissenschaft: Umriss einer Geschichte des *Archivs für Sozialwissenschaft und Sozialpolitik*," in his *Globalen Kapitalismus denken. Historiographie, -theorie- und wissenschaftsgeschichtliche Studien* (Tübingen: Mohr Siebeck, 2018), pp. 108ff.

Wirtschaft und Gesellschaft was the third section out of nine in total for a work that began publication in 1914 and concluded in 1930. Some idea of the scope of this project is conveyed by the fact that the other section published in 1922 along with *Wirtschaft und Gesellschaft* represented parts B ("Production in Agriculture and Forestry") and C ("Insurance") of book III: "The Individual Sectors of the Capitalist Economy and the Domestic Economic Policy of the Modern State."²⁸

In his *Protestant Ethic*, Max Weber had developed a conception of capitalism that was recognisably synonymous with what was also becoming known as "modernity," although the chronological focus of that book was the seventeenth and eighteenth centuries.²⁹ Werner Sombart had in 1902 published *Der moderne Kapitalismus*, but that work, as was conventional in works on economic history of the period, brought its narrative only up to the early part of the nineteenth century, with an emphasis on small-scale production and craft industry far removed from the forces of modernity that Weber alluded to in the closing pages of the *Protestant Ethic*. The *GdS*, as planned and executed, was a very different project from that of Sombart: it was a review of contemporary capitalist organisation that comprehended technology, agriculture, industry, finance, commerce, classes, and social policy. It was directed primarily at students of economics and commerce, and in this regard, it proved timely: in 1923, a new university qualification in economics of *Diplom-Volkswirt* was added to the existing commercial qualification of *Diplom-Kaufmann*, ending the restriction of systematic study of economics to doctoral students.³⁰ Students of commerce and economics were possibly

²⁸ The *GdS* has a rather complex overlapping organisation of five *Bücher* distributed among nine *Abteilungen* (*Abt.*), with parts distinguished both alphabetically and numerically.

²⁹ For details on this proposition, see my essay "Capitalism and Its Critics," in *The Cambridge Companion to Nineteenth-Century Thought*, ed. Greg Claeys (Cambridge: Cambridge University Press, forthcoming).

³⁰ Adolph Weber wrote in Ignaz Jastrow, ed., *Die Reform der staatswissenschaftlichen Studien*, Schriften des Vereins für Sozialpolitik, Bd. 160 (Munich: Duncker und Humblot, 1920), p. 58, that in 1900–1901 there had been 25 doctorates in economics awarded in Prussian universities. This rose to 78 in 1913, and during the coming two years he estimated that 2,000 students proposed to complete study related to economic topics in Prussian universities. During the winter semester of 1919–1920, there were 1,660 students in Berlin, 1,600 in Frankfurt, and 1,250 Cologne who had "economics"—*Wirtschaftswissenschaften*—as their main topic of study. The new qualification came into force across Germany in 1923. See A. Weber, "Das Diplomexamen für Volkswirte," *Jahrbücher für Nationalökonomie und Statistik* 3, Folge Bd.

more numerous in Germany during the 1920s than anywhere else,³¹ and the *GdS* was the most up-to-date reference work for their studies. While the only direct contribution that Max Weber (eventually) made to this project was his *Wirtschaft und Gesellschaft*, he conceived, planned, and led the project, reflecting his familiarity with contemporary research on the German and international economy.³²

Weber's involvement with the *GdS* developed out of his association with the *Archiv für Sozialwissenschaft und Sozialpolitik*.³³ This had begun publication in April 1904 as the continuation of Heinrich Braun's *Archiv für soziale Gesetzgebung und Statistik*, purchased from Braun with funds provided by Edgar Jaffé, and with Paul Siebeck as the publisher.³⁴ Much of Weber's work in the coming years would appear in its pages. He began with his essay on "The 'Objectivity' of Social Scientific and Socio-political Knowledge," which appeared in the first issue, delineating the purpose of the new journal and serving as a rubric for the acceptance and rejection of papers. His long essay on Prussian entailed estates appeared in the third issue of 1904; the two essays on the Protestant Ethic in 1904/1905; two very long essays on the political situation in Russia in 1906; and his critique of Stammler and the first of his defences of his essays on the Protestant Ethic, the "Antikritik" in 1907. Engagement with the *Archiv* coincided with his emergence from the fallow period that followed his breakdown in the summer of 1898, and his eventual definitive

65 (1923): 289–318, and more generally, "The *Handelshochschulen* and the Formation of *Betriebswirtschaftslehre*, 1898–1925," chapter 5 in my *Strategies of Economic Order. German Economic Discourse, 1750–1950* (Cambridge: Cambridge University Press, 2007).

³¹ This was because in the United States, for example, most courses in business and commerce during the 1920s were simply created by drawing on existing arts and social science courses; it was only in Germany at this time that a fully functional syllabus for business education existed at a national level, together with teachers, journals, textbooks, and institutions. See chapter 5 of my *Strategies of Economic Order*.

³² For a fuller account of the development of the *GdS* project, see my "What Is Social Economics?," *History of European Ideas* 40 (2014): 734–40.

³³ The publication of his 1894 Freiburg Inaugural Address with Siebeck in 1895 initiated their correspondence, but it was the editorial management of the *Archiv* that provided the platform for the *GdS*.

³⁴ See the account of the acquisition and relaunch in MWG II/4, pp. 68–70. Sombart had originally been in discussion with Braun about a transfer of ownership; Braun met Weber in Heidelberg on 31 May 1903, who brought Braun together with Jaffé, and in the summer it was Weber's suggestion to Jaffé that brought about Siebeck's involvement.

resignation from his Heidelberg appointment in the early spring of 1903. Freed of the teaching and administrative obligations of university employment, Weber felt himself more capable of devoting his efforts to scholarly pursuits. Later the same year, the way that he brought Jaffé and Siebeck together is suggestive both of the networks in which Weber was involved at that time and his active engagement with them. The resignation was a positive move, not a negative one, made at a time that he was actively developing new plans.

In April 1905, Siebeck turned to Weber for advice with a publishing problem. Siebeck was the publisher of Gustav von Schönberg's *Handbuch der politischen Ökonomie*, a reference work that had first appeared in 1882 with twenty-one contributors in two volumes, but which had successively expanded to a fourth edition of five volumes and twenty-eight contributors by 1896. Rather than bring out yet another, larger edition, Siebeck wanted to cut it back to two volumes and commission new contributors, effecting a thorough revision of the work. Further, Siebeck wanted the content to be revised to reflect contemporary conditions, while at the same time reinforcing the textbook format. And very important, he was insistent that capitalism be given much more emphasis as the dominating economic form—he complained to Weber in a letter of 11/12 April 1905 that the term “does not even appear in the index” of the fourth edition.³⁵

However, not only was Schönberg now in his midsixties, he was not in the best of health. In his letter of April 1905, Siebeck also sought legal advice from Weber, since the contract that Siebeck's brother-in-law had concluded with Schönberg in 1895 regarding the fourth and all subsequent editions³⁶ included onerous clauses creating special rights for his heirs and obliging Siebeck to continue publishing Schönberg's own contributions in any further edition.³⁷ As if this was not itself bad enough, Siebeck suspected that owing to Schönberg's ill health, someone other than Schönberg had signed the contract on his behalf. Furthermore, in suggesting to Weber that the best solution would be to engage a younger academic to effect a thorough revision fronted by Schönberg, he feared that if he proposed this to Schönberg, the latter would

³⁵ MWG I/24, p. 3.

³⁶ The terms of the contract are given in MWG II/4, pp. 603–4n2.

³⁷ See the summary in MWG II/4, pp. 461–62, and in MWG I/24, pp. 3–4.

insist on the appointment of Bernhard Harms.³⁸ As we shall see, Siebeck was quite right to worry about all these legal technicalities, since they would eventually blow up into a crisis that Max Weber sought to settle at the point of a duelling sabre. What to do?

In response to Siebeck's letter, Weber first of all pointed out that in 1896 Carl Knies had recommended to the Baden Ministry that Schönberg be appointed as his successor in the Heidelberg chair. This advice had been ignored and Weber was duly appointed, but this itself ruled out any idea that Weber might be acceptable to Schönberg as an executive editor, quite apart from Weber's admission that he found keeping deadlines a problem.³⁹ Nonetheless, this stated, he moved straight on to list a number of possible contributors, all of them economists—for example, that Schumacher in Bonn would be “very good” on transport, and that Wittich in Strasbourg would write something excellent on agrarian policy if he could be persuaded. He had no idea about insurance and fisheries, but among the younger candidates he expressly recommended Spiethoff, “one of the most gifted and astute of all.”⁴⁰ If there were time, he wrote in conclusion, he would also perhaps suggest a different structure.

Siebeck thanked Weber by presenting him with a handsome four-volume work; in response, Weber confessed that he had no real further suggestions, and that as Siebeck must know, the root of the problem was Schönberg himself. Later in the year, Weber responded in greater detail about the legal issues, suggesting that, given the rate at which economics as a discipline was advancing, the most that Schönberg might reasonably expect was that his name

³⁸ Bernhard Harms (1876–1939) attained his doctorate in Tübingen in 1901 with Schönberg as his doctoral supervisor and by 1903 had attained his Habilitation, moving to Jena in 1906 and then Kiel in 1908, where in 1914 he founded the Königliches Institut für Seeverkehr und Weltwirtschaft [Royal Institute for Marine Transport and World Economy] later known as the Institute for the World Economy. Siebeck did not explain why it was that he wished to preclude Harms from becoming involved in the project, but we shall see below that he was not wrong in his wish to do so.

³⁹ Max Weber to Paul Siebeck, 15 April 1905, MWG II/4, pp. 462–63. Siebeck would have been aware of the problem with deadlines, since Weber's “Objectivity” essay had been intended to be the first piece in the new *Archiv*, establishing the purposes of the new journal, but Weber was late in delivering the manuscript and it was consequently set as the second item of the first issue: “Die ‘Objektivität’ sozialwissenschaftlicher und sozialpolitischer Erkenntnis,” *Archiv für Sozialwissenschaft und Sozialpolitik*, Bd. 19 H. 1 (1904): 22–87. Although the name of the journal changed, the volume numbers continued on from the Braun *Archiv*.

⁴⁰ Weber to Siebeck, 15 April 1905, MWG II/4, p. 465.

be retained for a work written by others. As it stood, the *Handbuch* was now either too big, or too small; in fact, there could well be a need in the future for a large encyclopedic work. He agreed with Siebeck that Harms would be unsuitable as an executive editor, given his lack of experience, and went on to suggest four other names for the post, beyond which he could not think of anyone “who was at the same time suitable and not a non-entity.”⁴¹

In May 1906, Siebeck visited Weber and evidently suggested that he take over the role of executive editor, assuring him that Schönberg had given the idea his blessing, but Weber refused, citing his poor health. Weber wrote once more to Siebeck about the proposed new edition—“a pity that Sch has so long to *live*” he added—really something that should not be said of course, besides between themselves.⁴² But then Schönberg did die on 3 January 1908, removing one major obstacle to Siebeck's plans.

Nonetheless, Siebeck now did not even have an editor he did not want, while Schönberg's heirs were under the impression that that they had some kind of title to any future edition. The first issue was resolved by August 1908: Weber agreed to assume direction of the project but declined to be named as editor, even though he would in fact be solely responsible for its planning and execution. Siebeck suggested that the old title be retained but the contents be entirely revamped. This Weber began to do, formulating in September and October 1908 a plan along the lines that Siebeck had suggested in 1905.⁴³ In a letter of 26 December 1908, Weber emphasised that the manner in which economic theory was dealt with was central, identifying Friedrich von Wieser and Wilhelm Lexis as the two principal candidates for the key article on this. Karl Bücher agreed to take on the first article, “*Volkswirtschaft, Wirtschaftsstufen*,”⁴⁴ and supported the idea that Wieser should be approached to write on economic theory, noting also the importance of Joseph Schumpeter.⁴⁵ In the event, the first section, “Foundations of the Economy. A. Economy

⁴¹ Max Weber to Paul Siebeck, 26 November 1905, MWG II/4, p. 605.

⁴² Max Weber to Paul Siebeck, 19 May 1906, MWG II/5, p. 93.

⁴³ Max Weber to Paul Siebeck, 5 October 1908, MWG II/5, pp. 667–68, and then again 26 December 1908, MWG II/5, p. 705, and 3 January 1909, MWG II/6, pp. 17–18.

⁴⁴ “Economy and Economic Stages”—that Weber wished the *GdS* to begin with a substantial account of the evolution of the modern economy is in itself significant, as was his bitter disappointment with what Bücher eventually submitted.

⁴⁵ Max Weber to Paul Siebeck, 20 April 1909, MWG II/6, pp. 103–4.

and Economic Science,” was when published in 1914 made up of Bücher's brief outline of economic stages; Schumpeter's treatment of the development of economic thought; and Wieser's outline of the theory of social economy. Correspondence shows that Weber left it entirely up to Wieser to organise his contribution as he wished, and when Wieser accepted in July 1909, he sketched a plan that corresponded to what he did eventually produce.⁴⁶

In May 1909, Weber presented Siebeck with a preliminary plan—for three, not two volumes, and with one-third more pages. In his letter of 20 April 1909, Weber had noted that he would probably contribute on “methodology,” as well as provide the conclusion to the entire text as a “Sozialphilosophie,”⁴⁷ but as Wolfgang Schluchter comments, at this point there was no talk of Weber's “sociology.”⁴⁸ Discussion of the title in August 1909 led to Weber proposing “Siebeck's *Handbuch der Sozialökonomik*,” the first mention of this last term by Weber, but without any explanation for his choice.

When the first draft plan was typeset in May 1910, however, it still bore the older title of the Schönberg edition, and had thirty-five different contributors for eighty-one entries, with some slots still to be filled. Weber had put himself down for twelve separate contributions, including “The General Significance of Modern Transport Communications and Media for the Capitalist Economy” (book II, 8.1); “The Limits of Capitalism in Agriculture” (book III, 6.7); and “Nature and Social Situation of the Working Class” (book V, 7.2). He still had not thought of anyone to write about fisheries and hunting (book III, 8).⁴⁹ Some of the other twelve contributions Weber listed for himself had a clear affinity with what eventually became the 1921/1922 edition of *Wirtschaft und Gesellschaft*, but which were currently scattered through the 1910 plan for the *Handbuch*. It was not until the final plan was drawn up in March 1914,⁵⁰ shortly before publication began in the summer and after Weber had drafted a large amount of manuscript material, that his sole contribution was titled *Wirtschaft und Gesellschaft*, comprising section C (divi-

⁴⁶ MWG I/24, p. 15. Nonetheless, Weber would later complain that the “deficiencies” of Wieser's contribution would have to be remedied in his own work, that is, in *Wirtschaft und Gesellschaft*. See MWG I/24, pp. 76–77.

⁴⁷ Max Weber to Paul Siebeck, 20 April 1909, MWG II/6, pp. 105–6.

⁴⁸ MWG I/24, p. 17.

⁴⁹ Plan printed in MWG I/24, pp. 141–54.

⁵⁰ See MWG I/24, pp. 155–62, for this typeset proof.

sion III) of the first book for which Weber estimated 30 sheets, or around 480 pages.⁵¹ Moreover, the first of eight broad subdivisions here runs as follows:⁵²

1. Categories of Social Orders

Economy and Law in Their Principal Relationship

Economic Relationships of Organisations in General

While programmatically recognisable, these subdivisions bear little expositional relationship to the first three chapters eventually drafted in 1919–1920.⁵³ Nonetheless, this was the plan Marianne Weber used as a guide in her initial work constructing *Wirtschaft und Gesellschaft* from the materials she found after Weber's death.

Wieser had undertaken to deliver his contribution in 1912, and since this belonged to the first part that would be published, the schedule for delivery and printing had come to turn on this. As it happened, Wieser delayed, but in 1912 a quite different problem arose. The heirs of Schönberg had got wind of the project and took the view that they had been unlawfully excluded. Siebeck pointed out to them in March 1912 that this was a new project that replaced the Schönberg *Handbuch* and was therefore unrelated to any contractual obligations previously entered into. All that survived from the older *Handbuch* was the title, and so in March 1912 Weber proposed altering *politische Ökonomie* to *Sozialökonomik*: this was “in my opinion not only the ‘most modern,’ but also the *best* name for the discipline.”⁵⁴

Matters were not so simple, however: Bernhard Harms sprang to the defence of the Schönberg family, claiming in April 1912 that he had been forced out of his position as Schönberg's executive editor—he now claimed to have had a right to the position to which Siebeck had been anxious to preempt Schönberg nominating him when Siebeck first approached Weber in 1905.

⁵¹ The 1922 version ran out at pp. xii+ 840.

⁵² Plan printed in MWG I/24, pp. 168–73.

⁵³ In the *GdS* plan printed at the front of another instalment published earlier in 1922, “C. *Wirtschaft und Gesellschaft*” was in three parts: “I. The Economy and Social Orders and Powers”; “II. Types of Communalisation and Sociation”; “III. Types of Rule.” As noted above, trying to bring order to these various divisions and orderings cannot be attempted here, and would bring us no closer to understanding how Weber actually did compose *WuG I*.

⁵⁴ Max Weber to Paul Siebeck, 22 March 1912, MWG II/7.1, p. 486.

There is not space here to detail the entire course of this affair,⁵⁵ but Harms attributed the sharp response Weber made to him on 6 May 1912 to Weber's poor health and consequent loss of mental capacity, his "insulting outbursts" being therefore only too understandable. Only eight days previously, Harms went on, he had assured Fräulein Schönberg that "when Weber gets to hear about this he will do everything he can for you," underscoring his role as advocate for the family. Weber and Siebeck circulated a joint letter to all contributors in June emphasising that the new work was most certainly not a new edition of the Schönberg *Handbuch*, and the exact title was presently a matter under discussion with the publisher.⁵⁶ But Harms was not deterred; he circulated his own letter in Kiel claiming that after Schönberg had died in January 1908, he had "tacitly" taken Schönberg's place in the existing contract and, together with Siebeck, sought to recruit new contributors.⁵⁷ Harms clearly not only had a vivid imagination; his grasp of the law of contract was also very shaky. As Weber had already intimated in the spring, there was only one way to settle this: in December, seconds were nominated and a date was fixed for a duel—4 January 1913. While Harms "fundamentally" accepted the challenge, however, he pleaded pressure of professional duties and asked that it be put off until the Easter holidays.⁵⁸ Weber gave the matter up in disgust. Out of all this did at least come a change of title, the last remnant of the Schönberg *Handbuch*; from early 1914, the title was formally the *Grundriss der Sozialökonomik*, a usage for which Weber had in March 1912 already expressed his strong approval.

In the New Year of 1913, Weber wrote a very long letter to the Sociological Circle in Kiel, among whose members Harms had been spreading his stories; he detailed the dealing Harms had actually had with Siebeck, all of which had been concluded before the death of Schönberg, but conceded that Harms was right on one point: taking on the new work had been a mistake, he had been urged on by colleagues, but he should never have become involved:

⁵⁵ There is a detailed editorial summary of the controversy drawing on Harms's correspondence in MWG II/6.2, pp. 522–25.

⁵⁶ MWG II/7.2, pp. 563–64.

⁵⁷ Max Weber to Otto Baumgarten, 12 December 1912, relating to a letter Harms had written to Baumgarten on 22 November 1912, MWG II/7.2, p. 789.

⁵⁸ Max Weber to Fritz Keller, 30 December 1912, MWG II/7.2, p. 813.

Some of these same colleagues then left the project in the lurch, some fell ill, through all this an enormous amount of time was lost and I have been unreasonably distracted from what I regard as a proper way of working, while at the same time during these years my capacity for work unexpectedly declined once again.⁵⁹

As he wrote to Plenge shortly afterwards, “this damned treadmill has cost me a year of my life just in writing letters.”⁶⁰

And it was about to get worse. Writing to Siebeck, he stated that once he saw Bücher's contribution, he would be able to form a view on his own major contribution, now entitled “*Wirtschaft und Gesellschaft*—inc. *Staat und Recht*,” which, he thought, outlined a “comprehensive sociological *Staatslehre* [theory of the state].”⁶¹ Plenge had just responded to Weber's editorial pleas by writing, “What a really lovely, nice man that Max Weber is!”⁶² but then Weber received Bücher's scrappy piece that would stand at the head of the entire project. Instead of the five sheets reserved for it (i.e., 80 printed pages), Bücher had delivered barely more than one to one and a quarter sheets (i.e., 16–20 printed pages).⁶³

Now *I* will have to spring into the breach! That will take two months at least, so *my* article will be finished in *May*.⁶⁴

Weber complained bitterly about the failure of others to keep deadlines—Wieser ran more than a year late—but *Wirtschaft und Gesellschaft* (in whatever form he conceived it at this point) was something he too would never actually finish.

Despite his complaints, 1913 was clearly a very productive year for Weber; the shortcomings of Bücher's contribution prompted him to draft what he described as a

⁵⁹ Max Weber to Soziologisches Kränzchen [Sociological Circle], Kiel, 4 January 1913, MWG II/8, p. 41.

⁶⁰ Max Weber to Johann Plenge, 21 January 1913, MWG II/8, p. 50.

⁶¹ Max Weber to Paul Siebeck, 23 January 1913, MWG II/8, pp. 52–53.

⁶² Max Weber to Johann Plenge, 26 January 1913, p. 57n1.

⁶³ Eventually, pp. 1–18 of the first volume.

⁶⁴ Max Weber to Paul Siebeck, 28 January 1913, MWG II/8, p. 60. He was still smarting from “Bücher's poor effort” in November. Max Weber to Paul Siebeck, 3 November 1913, MWG II/8, p. 344.

comprehensive sociological theory and presentation that relates all large communal forms to the economy: from the family and household community right up to the “enterprise,” to the clan, to the ethnic community, to religion (covering *all* great religions of the world) . . . finally, a comprehensive sociological account of the state and *Herrschaft*. I might well claim that there is *nothing* like this, not even a “precursor.”⁶⁵

But on the evidence of the essay on “Sociological Categories” that was published about the same time, even if Weber had actually arrived at this new perspective, he had not yet worked out how to present it.

Much of the correspondence in early 1914 was occupied with the technical business of setting and proofing; book one sections I and II were published in the summer, and the foreword to section I, dated 2 June 1914, states that the entire work would be published by the end of 1915.⁶⁶ The outbreak of war ended all hope of that; three parts were published before August, one part in 1915, and one in 1918. Weber became the administrator of a military hospital, writing at the end of the year that he could do no more work on *GdS* for the time being.⁶⁷

While the war postponed all further activity on *GdS*, Weber remained very busy. From 1916 onwards, he was increasingly and publicly engaged in contemporary political debate, delivering lectures and speeches, writing for newspapers, and standing as a candidate in the postwar elections. This activity brought home to him the distance between academic teaching and public speaking. We know from stenographic reports of speeches made to the Protestant Social Congress in the 1890s, and to meetings of the Verein für Socialpolitik⁶⁸ and the German Sociological Society in the period from 1908 to 1912, that he was an effective, lucid speaker, but he loathed lecturing. His course of lectures in Vienna during the summer semester of 1918 was

⁶⁵ Max Weber to Paul Siebeck, 30 December 1913, MWG II/8, p. 449. Hence, Weber planned to write an account of “economy and society” organised in terms of social institutions of different scope and scale, thus replacing Bücher’s evolutionary history of *stages* of economic organisation.

⁶⁶ *Vorwort* to *Grundriss der Sozialökonomik. Abt. I: Wirtschaft und Wirtschaftswissenschaft* (Tübingen: J. C. B. Mohr [Paul Siebeck], 1914), p. ix.

⁶⁷ Max Weber to Paul Siebeck, 3 December 1914, MWG II/8, p. 801.

⁶⁸ Association for Social Policy: founded in 1874, it commissioned surveys and reports for discussion at an annual conference, printed the proceedings, and was the principal hub for German academic lawyers, political scientists, and political economists.

intended as a trial run, since he had not given a lecture course for twenty years; however, he quickly found himself forced to admit that he was born to be a writer and a public speaker but not an academic lecturer.⁶⁹ He abandoned the idea of returning to teaching and the idea was floated that he might move sideways into party politics. His candidacy for the new National Assembly in early 1919 came to nothing, however. The analysis of the impact of wartime inflation that can be found in the closing pages of Chapter 2 applied to his own personal circumstances as much as to any other German household, and he was eventually forced to return to teaching because he needed to earn a living. For many years they had lived on Marianne's legacies, but these were now worth only a fraction of their former value, for the Webers had invested heavily in war bonds whose value was now questionable.⁷⁰

Since late 1917, Weber had been under consideration as a possible successor to Lujo Brentano, the incumbent of the Munich chair of economics. He was also under consideration in Vienna as a successor to Philippovich, who had died in 1917.⁷¹ His teaching in Vienna during the summer semester of 1918 was provisional and experimental, to see if he could in fact complete a semester's lecturing; something that he had last achieved twenty years previously, during the winter semester of 1897–1898 in Heidelberg. He did last the course, but his conclusion was negative: academic lecturing was not for him, for it drained him intellectually and physically. Nonetheless, in early 1919 he was weighing two proposals: as a professor of politics (*Staatslehre und Politik*) at Bonn, and as successor to Brentano—in this latter case, he wished to alter the title to *Gesellschaftswissenschaft und Nationalökonomie*.⁷² Evidently, the choice between Bonn and Munich that he now seriously entertained in early 1919 turned on the degree to which he could use the chair to teach what he thought sociology should become; this and other factors led to his decision to accept the offer from Munich in March 1919, from which point he once again assumed the responsibilities of a full professor.

⁶⁹ "Nein—ich bin für die Feder geboren, und für die Rednertribune, nicht für die Katheder."
Max Weber to Marianne Weber, 7 May 1918, MWG II/10.1, p. 166.

⁷⁰ See Hinnerk Bruhns, *Max Weber und der Erste Weltkrieg* (Tübingen: Mohr Siebeck, 2017), p. 95.

⁷¹ Philippovich's appointment to Vienna had created the opening for Weber in Freiburg.

⁷² "Social Science and Economics." For details, see Gangolf Hübinger's introduction to the 1920 lecture course on the sociology of the state (*Staatssoziologie*), MWG III/7, pp. 28–29.

From 1 April 1919, he became Munich Professor for "Social Science, Economic History, and Economics."⁷³

In early June 1919, on the way to Munich after the Versailles negotiations, Weber wrote to Paul Siebeck to give him his new address and assured him that in about six weeks the beginning of *Wirtschaft und Gesellschaft* "will be in your hands."⁷⁴ On 24 June 1919, Weber began a course of lectures on "The Most General Categories of Social Science," which, as he wrote to Marianne the following day, was the "sociology, which of course (the introduction) = the lecture course."⁷⁵ On 25 September 1919, he sent the first chapter to Siebeck, retaining the second chapter to check through, and writing that he would then send the following part: "Wirtschaft und Herrschaft."⁷⁶ As the editors of the correspondence note here, this was not actually delivered until 31 March 1920, and Weber's titling it this way suggests that at the time he was thinking of emphasising the relationship between economy and forms of rule, which he does develop in chapter 3. By the early spring of 1920, this had turned into a typology of rule. Besides a comment in October 1919 that he was condensing the book, and that the "thick old manuscript will have to be quite thoroughly reshaped, and that is what I am (or was) doing,"⁷⁷ there are few hints in his own letters about the progress of his writing.⁷⁸ Nonetheless, on 20 October 1919 Weber began lecturing four times a week on an "Outline of a Universal Social and Economic History" and the conceptual remarks with which he prefaced his lectures clearly mirror the first twenty-six paragraphs of chapter 2.⁷⁹

⁷³ "Gesellschaftswissenschaft, Wirtschaftsgeschichte, Nationalökonomie," in conformity with a wish Weber had expressed in a letter to the ministry on 19 February 1919 (MWG II/10.1, p. 466).

⁷⁴ Max Weber to Paul Siebeck, 10 June 1919, MWG II/10.2, p. 636.

⁷⁵ Max Weber to Marianne Weber, 16 June 1919, 25 June 1919, MWG II/10.2, pp. 647, 667.

⁷⁶ Max Weber to Paul Siebeck, 25 September 1919, MWG II/10.2, p. 789. In a letter to Paul Siebeck on 27 October 1919, Weber also proposed that *Wirtschaft und Gesellschaft* be published in instalments, so that it would begin to appear before the work as a whole was finished. MWG II/10.2, p. 826. This arrangement was agreed on by early November. MWG II/10.2, p. 833.

⁷⁷ Max Weber to Paul Siebeck, 27 October 1919, MWG II/10.2, p. 826.

⁷⁸ The progress of setting and proofing can be established from correspondence with the publisher, summarised in MWG I/23, pp. 81–88. The first sections of chapter 2 were probably delivered to the typesetters in the first half of January 1920 (p. 85).

⁷⁹ See the translation of this in my "Max Weber's 'Conceptual Preface' to *General Economic History*. Introduction and Translation," *Max Weber Studies*, special issue (2006): 11–38.

The “Editorial Report” in MWG I/23 (pp. 79–107) gives as thorough an account as is possible of the progress of the writing of *WuG I* during 1919–1920, using the publisher’s correspondence and evidence from the various galleys and page proofs produced. We can also consider evidence from the body of the text itself, however, something that is apparent to any reader of this translation since its rougher edges are preserved here. Nevertheless, before discussing composition we need to continue on to the posthumous history of the book: the construction of the version of *Wirtschaft und Gesellschaft* as it appeared in the *GdS*, the translation of *WuG I* into English in the 1930s, the role of Johannes Winckelmann in the transmission of an increasingly mangled German text, and the eventual dismantling of this edifice by the MWG editors.

From *WuG* to MWG

The path from the manuscripts and proofs that Weber left at his death to the 1922 edition of *Wirtschaft und Gesellschaft* has been scrupulously reconstructed by Edith Hanke, and here I need do little more than summarise the sequence of events that she has described.⁸⁰ Weber had died in a rented flat in Munich; his study was in Heidelberg, and it was there that most of the work on his manuscripts was done. Marianne’s assistant, Melchior Palyi, assumed responsibility for *Wirtschaft und Gesellschaft*, checking the older manuscripts for duplication and establishing what, if any, relationship there was between the older material and the parts already in press (the text translated here). We can see from the reproductions of some surviving proof pages in MWG I/23 that Weber heavily reworked sections after they had been set; we do not, however, know what the “older manuscripts” looked like, since all of them have since disappeared.⁸¹ It does seem to have been Weber’s practice throughout his life to discard notes, drafts, manuscripts, and typescripts once a piece had

⁸⁰ Edith Hanke, “‘Max Weber’s Desk Is Now My Altar’: Marianne Weber and the Intellectual Heritage of Her Husband,” *History of European Ideas* 35 (2009): 349–59.

⁸¹ Marianne Weber gave away manuscripts and proofs to various of her helpers and collaborators; besides some proofs retained in the Mohr Siebeck archives, only the proofs that Marianne presented to Else Jaffé seem to have survived from all this material. Else had passed them on to Wolfgang Mommsen in the early 1950s. See MWG I/23, p. 602.

been published; the sole exception to this seems to have been his lecture notes from the 1890s, an unexpectedly large amount of which have survived.

Weber's working methods are illuminated by the account we have of the path followed by his Munich lecture, "Politics as a Vocation."⁸² Weber's rough speaking notes have survived. The speech was recorded by a stenographer and then typed up, Weber corrected and revised the typescript, it was set, he corrected the proofs, and the lecture was published; most of the intermediate materials, however, then vanished. Analogously, we might presume that what is usually described as "the old [pre-1914] manuscript" consisted in fact of typescripts, since for one thing no especial complaint seems to have been made at the time regarding their legibility—Weber's handwriting was notorious. Whether any handwritten manuscripts therefore did survive in 1920 is an open question; quite likely Palyi's first task was to winnow out duplicate or superseded typescripts to establish a unitary "manuscript."

Once Palyi had done this, the text was copyedited, introducing stylistic improvements and standardising orthography. Hanke emphasises that no work of textual criticism was done, however, nor was any physical record kept of the manuscripts; hence, we have no knowledge about their size, condition, pagination, dating, arrangement, and so forth.⁸³ While the manuscripts were conveyed into print in a relatively direct way—cleaned up, but not subject to revision—their subsequent disappearance means that we have no information on them other than that provided by the printed pages of *Wirtschaft und Gesellschaft* following *WuG I*. This seriously compromises any weight that might be attached to any one component of the earlier material included with that drafted in 1919–1920. We do not know in what sequence this material was written, nor do we have any information on the order in which they were found, and so whether any one element is complete is unclear. While Max Weber's authorial hand is present in *WuG I*, insofar as these chapters were actually set up in type and so have been subjected to the processes of revision and reconciliation that are part of the production of any book, the later sections of *Wirtschaft und Gesellschaft* each have a thematic unity only; they cannot be used to support any particular interpretive evaluation or be construed as contributions to any overarching developing argument. Perhaps this quality

⁸² See the "Editorisches Bericht," MWG I / 17, pp. 131–55.

⁸³ Hanke, "Max Weber's Desk," p. 354.

of four-fifths of the text of *Wirtschaft und Gesellschaft* contributed to the older idea, now generally disavowed, that Weber was a “comparative sociologist,” because this material does lend itself to a comparative framework, but not to an analytical one. Here the contrast with *WuG I* is very marked, for *WuG I* is nothing if not analytical.

Marianne Weber did, however, see the materials as “one work” made up of different parts, supporting this view with the presumption that it could be divided between an “abstract” and a “concrete” sociology that, as Wolfgang Schluchter notes, was really a distinction of her own invention.⁸⁴ She believed that the older manuscripts were structured by ideal-typical concepts, although she missed this property in the manuscript for “Die Stadt” and therefore excluded it initially from “the work,” and gave it to Emil Lederer to publish separately in the *Archiv*. This explains why that manuscript was published first in the *Archiv*, but then also in the third part-publication of *Wirtschaft und Gesellschaft* in the spring of 1922. A concordance in MWG I / 24 of the shifts during 1921 and 1922 in arranging the nineteen texts making up “Wirtschaft und Gesellschaft,” together with a comparison of the 1914 plan with these nineteen surviving texts, makes very clear the difficulty that Marianne Weber had in deciding on a final ordering of “the text.”⁸⁵ One paradoxical outcome was that the final version of 1922 included both *WuG I*, chapter 3, probably written at the turn of 1919 into 1920, and the draft materials for that chapter written in 1913 or before, but now appearing as part III of the same book.

But this dilemma—how to marry three and a bit new chapters, composed in 1919–1920 according to a new plan in Weber’s head but nowhere written down, with a mass of preparatory material dating back many years—did not end with the solution of 1921–1922. A corrected edition came out in 1925, now divided into two half volumes, with the text on the sociology of music added; this was then reprinted as a third edition in 1947. The text then passed out of the care of Marianne Weber, and Johannes Winckelmann became the editor for subsequent German editions of Weber’s writings, bringing out a revised and reordered fourth edition of *Wirtschaft und Gesellschaft* in 1956. Winckelmann’s editorial involvement coincided with the diffusion and consolidation of Weber’s international reputation in the 1950s and 1960s, and so some

⁸⁴ MWG I / 24, p. 98.

⁸⁵ MWG I / 24, pp. 129–31.

attention has to be paid to how his interventions affected the shaping of this reputation. First, however, we need to consider the translation of *WuG I* into English in the 1930s. For if Weber's international reputation was established in the 1950s and 1960s, the version of *WuG I* published as *The Theory of Social and Economic Organization* also played a significant part in establishing that reputation.

The Theory of Social and Economic Organization was published in 1947 in London and Edinburgh by William Hodge; the American version of the text was set from the British page proofs and published the same year by Oxford University Press in New York, then reissued as a Free Press paperback in 1964. Roth and Wittich used this latter version, introducing some changes of their own, in their 1968 *Economy and Society*. This American provenance tends to reinforce the linkage to the "Americanisation" of sociology during the course of the 1950s, but the real clue to the origins of this translation lies not with Parsons and the American social sciences, but with the British publisher.⁸⁶

As Parsons describes, he was originally commissioned in the later 1930s by the Anglo-Scottish publisher William Hodge to revise and edit a translation of chapters 1 and 2 that Alexander Henderson had prepared for them.⁸⁷ William Hodge had studied music in Leipzig, but, unable to pursue a career as a professional musician, he had become head of the family publishing firm.⁸⁸ In the later 1930s, he became friendly with Ragnar Nurkse, who, with Friedrich Hayek's support, persuaded Hodge to embark on a series of translations of texts by German and Austrian economists. Hodge duly published Gottfried von Haberler's *The Theory of International Trade* (1936), translated by Alfred Stonier and Frederic Benham; Oskar Morgenstern, *The Limits of Economics*

⁸⁶ I draw in the following on material presented in my "Talcott Parsons as Translator of Max Weber's Basic Sociological Categories," *History of European Ideas* 33 (2007): 212–33. For the reconstruction of the progress of translation and production of *Theory of Social and Economic Organization*, I am indebted to material given to me by Lawrence Scaff and Álvaro Morcillo Laiz.

⁸⁷ Talcott Parsons, preface to *TSEO*, p. v. Parsons also acknowledges that he was given sight of a draft translation of chapter 1, section 1, by Alexander von Schelting and Edward Shils. Reconstruction of the history of the Parsons translation has to rely largely on his own account of events, since the papers and correspondence of William Hodge & Co. were destroyed during the war. Information obtained from Sir Alan Peacock, telephone conversation, 19 April 2005.

⁸⁸ See my interview with Sir Alan Peacock in Keith Tribe, ed., *Economic Careers. Economics and Economists in Britain, 1930–1970* (London: Routledge, 1997), p. 199.

(1937), translated by Vera Smith; Fritz Machlup, *The Stock Market, Credit and Capital Formation* (1940), translated by Vera Smith; Ludwig von Mises, *Bureaucracy* (1945), and *Human Action* (1949); and Walter Eucken, *The Foundations of Economics* (1950), translated by Terence Hutchison. Hayek's fingerprints are all over this selection of authors and translators, and so Hayek's suggestion that William Hodge & Co. include in its programme a translation of the first two chapters of Max Weber's *Wirtschaft und Gesellschaft* is very suggestive of where Weber stood in the German-language social science of the 1930s.⁸⁹ It is important to note that this was not where Talcott Parsons would seek to place him: as a sociological theorist practising an interpretive methodology.⁹⁰ That Weber appeared in this company casts a completely fresh light on how his work would have been received in Britain during the later 1940s and early 1950s, as opposed to the United States.

Parsons's involvement was initially indirect. Fritz Machlup, then at the Department of Economics, University of Buffalo, wrote to Parsons in February 1938 to let him know that the translation of the first part of *Wirtschaft und Gesellschaft* was almost complete and that its translator, Alexander Henderson, was grateful that Parsons had agreed to look at the manuscript.⁹¹ Since neither Henderson nor the publisher had Parsons's precise address, the manuscript was sent to Machlup in the autumn of 1938; he then took it with him on a visit to Cambridge in November, leaving it there with a colleague who then took it to Parsons.⁹² By the time Parsons became involved, therefore,

⁸⁹ The same letter in which this initial intention is clarified also clearly states that Alexander Henderson had entered the project on the direct recommendation of Hayek. Letter from James H. Hodge to Talcott Parsons, 14 March 1939, Parsons Papers, Pusey Library, Harvard University HUG(FP) 15.2, Box 13. I wish to thank Robin Carlaw and the Harvard University Archives for this information, as well as Lawrence Scaff for his great generosity in giving me a full set of this correspondence.

⁹⁰ The partial translation of the opening pages of *WuG*, chapter 1, by Edward Shils and Alexander von Schelting in the mid-1930s (a copy of which Parsons had) would have reinforced this feature of Parsons's perspective on Weber.

⁹¹ Machlup signs off with greetings to Parsons's family, suggesting that Parsons's offer was a verbal one. Machlup and Parsons had been corresponding since 1936, but there is no mention of the translation project until this point. Fritz Machlup to Talcott Parsons, 16 February 1938, Machlup Papers, Hoover Institution Archives, Box 44, Folder 13. My thanks to Ronald M. Bulatoff and the Hoover Institution for making this material available to me.

⁹² Parsons to Machlup, 27 November 1938. Machlup Papers, Hoover Institution Archives, Box 44, Folder 13.

the proposal to publish the first two chapters of *Wirtschaft und Gesellschaft* in English had been made and accepted, Henderson had been commissioned as translator, and he had completed draft translations for the envisaged two-chapter book. This must push the original suggestion by Hayek back into mid-1937, or even earlier, since the draft translation was said to be almost finished in early February 1938.⁹³ Most likely, therefore, Henderson met Hayek shortly after he had graduated from Cambridge in June 1936 with a double first in economics, the month of his twenty-second birthday.⁹⁴

Parsons received Henderson's draft translations from Fritz Machlup in November 1938, and his first letter to James Hodge comments at length, negatively, on their quality.⁹⁵ Parsons explained that there were major technical problems in translating chapter 1 from German into English, using concepts and making arguments familiar to a German reader, but with no direct equivalents in the English language. He argued that if a translation were to be attempted, it would require careful editing and be provided with an

extensive introduction which would provide a setting and prepare the reader for the many difficulties of the work, and with quite full explanatory notes wherever misinterpretation seemed at all likely.⁹⁶

Simply presenting Weber's chapters in a bald translation done by a nonspecialist would be, Parsons argued, "entirely inadequate." And his brief examination of Henderson's draft translations showed that they required "thorough and extensive revision from start to finish." After making some points about English style and the meaning of Weber's key concepts, Parsons

⁹³ Alexander Henderson's draft translation cannot be traced in the Parsons Papers and must be presumed lost.

⁹⁴ Following his graduation from Cambridge, Alexander Morell ("Sandy") Henderson (1914–1954) spent some time in Vienna, and then in 1937 succeeded Kenneth Boulding as an assistant lecturer in Edinburgh. When war broke out, he joined the Royal Tank Regiment, and following demobilisation moved to a lectureship in Manchester. By 1949, he was professor of economic theory at Manchester University, moving to the Carnegie Institute in Pittsburgh in 1950, where he jointly authored the first textbook on linear programming. A. Charnes, W. W. Cooper, and A. Henderson, *An Introduction to Linear Programming* (New York: John Wiley & Sons, 1953). My thanks to Patricia McGuire, archivist at King's College, Cambridge, for confirming personal details on Alexander Henderson.

⁹⁵ Letter from Parsons to James Hodge, 26 January 1939, Parsons Papers, HUGFP 15.2, Box 13.

⁹⁶ Parsons to Hodge, 26 January 1939, Parsons Papers, HUGFP 15.2, Box 13.

strongly advise[d] against publication of the translation in anything like its present form. I would much rather see the work remain untranslated than have available only the present translation.⁹⁷

Parsons had also heard directly from Henderson, who was under the impression that Parsons was prepared to revise the entire draft translation. This is, of course, what he eventually did, but at this stage Parsons maintained that he could not, in the absence of a "specific arrangement" with William Hodge & Co., take on such a task. He closed the letter by noting that he had seen the von Schelting and Shils translation of chapter 1, section 1, which seemed to be "a much better piece of work than Mr. Henderson's."⁹⁸ He also suggested that the proposed volume should include chapter 3, "Typen der Herrschaft," extending the original proposal by about one-third.

James Hodge forwarded these comments to Alexander Henderson and then replied to Parsons in mid-March, after he had received Henderson's own observations. Hodge recognised the force of Parsons's arguments, but his description of Henderson's own response suggests that Henderson already understood the general points concerning the problems of translating Max Weber's prose into English.⁹⁹ Henderson's drafts were perhaps not as randomly inaccurate and uninformed as Parsons implied. James Hodge was reluctant to abandon the existing translation, in part for purely commercial considerations but also perhaps because Henderson had been recommended as a translator of Max Weber by Friedrich Hayek. He therefore proposed that Parsons formally assume an editorial role, and asked him to name a fee.

Parsons did so, also arguing that the planned volume should also include both chapters 3 and 4, the first four chapters forming, he wrote, "a natural unit," being "the outline of the conceptual framework into which the more extended empirical material of the work was to be fitted."¹⁰⁰ If this proposal were acceptable, Parsons went on, Henderson could be asked to make the initial

⁹⁷ Parsons to Hodge, 26 January 1939, Parsons Papers, HUGFP 15.2, Box 13.

⁹⁸ Shils had prepared this translation some time in the mid-1930s; he had intended to publish a collection of Weber's writings, but was outmanoeuvred by C. Wright Mills. See G. Oakes and A. J. Vidich, *Collaboration, Reputation, and Ethics in American Academic Life. Hans H. Gerth and C. Wright Mills* (Urbana: University of Illinois Press, 1999), pp. 20–25.

⁹⁹ Hodge to Parsons, 14 March 1939, Parsons Papers, HUGFP 15.2, Box 13.

¹⁰⁰ Letter from Parsons to James Hodge, 13 April 1939, Parsons Papers, HUGFP 15.2, Box 13.

translation—and so Henderson's translations were not so poor that any editor would do better to simply start afresh. Henderson, according to Hodge, immediately started work on chapters 3 and 4,¹⁰¹ and by mid-May Parsons accepted the financial terms William Hodge offered.¹⁰² In mid-June 1939, Parsons sent Henderson a sample translation of chapter 3, section 1, at the same time noting that Henderson had given his drafts the working title "Economy and Society." Parsons's belief that the first four chapters of *Wirtschaft und Gesellschaft* formed a theoretical introduction to the later chapters led him to suggest a different title: "The Theory of Social and Economic Organization."¹⁰³

Parsons would hear nothing more from Henderson after sending him the sample translation from chapter 3. Henderson joined up in the autumn, and so Parsons went ahead on his own, reporting in late September 1939 that the translated text was now complete.¹⁰⁴ He had tried to use Henderson's existing drafts where possible, but noted:

I think the translation is really more mine than his. . . . A number of qualified persons have sampled both texts and assure me that, apart from the technical matter of accuracy as such, I have succeeded in making it quite reasonably readable.¹⁰⁵

Britain's declaration of war on Germany in early September would delay the book further, however. William Hodge moved his office back to Edinburgh, and in January 1940 Parsons wrote assuring his publisher that he would resume work soon—so the book was not, after all, entirely complete.¹⁰⁶ By the end of 1940, Parsons had heard nothing more, writing that the editorial notes were now complete and he was about to start on the introduction.¹⁰⁷ At the beginning of 1941, Parsons was reassured that Hodge would proceed with the

¹⁰¹ Letter from Hodge to Parsons, 4 May 1939, Parsons Papers, HUGFP 15.2, Box 13.

¹⁰² Letter from Parsons to James Hodge, 17 May 1939, Parsons Papers, HUGFP 15.2, Box 13.

¹⁰³ Letter from Parsons to James Hodge, 28 June 1939, Parsons Papers, HUGFP 15.2, Box 13. In the same letter, he notes that no arrangements had been made for publication in the United States and suggested that it would be worthwhile arranging for an American edition bound from sheets supplied by Hodge.

¹⁰⁴ Letter from Parsons to James Hodge, 25 September 1939, Parsons Papers, HUGFP 15.2, Box 13.

¹⁰⁵ Parsons to James Hodge, 25 September 1939, Parsons Papers, HUGFP 15.2, Box 13.

¹⁰⁶ Parsons to James Hodge, 10 January 1940, Parsons Papers, HUGFP 15.2, Box 27.

¹⁰⁷ Parsons to James Hood, 14 November 1940, Parsons Papers, HUGFP 15.2, Box 27.

book, and Parsons sent the complete manuscript in August.¹⁰⁸ In October, Hodge confirmed receipt, and then in January 1942 Parsons wrote once more complaining that he had heard nothing.¹⁰⁹ About half the book was set in the course of 1942, and in January 1943 Parsons acknowledged receipt of proofs and apologised for his delay in dealing with them.¹¹⁰ Throughout 1944, proofs and galleys went back and forth very slowly, the U.S. Post Office confirming in October that one partial set had been lost at sea, with Parsons apologising for delays on his part. Finally, in November 1944 James Hodge returned from service in the Royal Air Force and began reviewing progress, but, as he warned, labour and paper were very short, hindering any imminent publication.¹¹¹ There matters remained until at the beginning of 1946 the New York office of Oxford University Press approached Parsons inquiring about U.S. rights to the translation. Parsons wrote in response that he had heard nothing more from the English publisher since James Hodge had written in November 1944. But at last, things now moved briskly ahead: Oxford University Press was already engaged in a Weber project with Hans Gerth and C. Wright Mills,¹¹² was interested in further translations from Weber, and wished to get this book out by April 1947, but Parsons's own delays with the index postponed its publication until late September 1947.¹¹³

Hence, as a translation project, what became Talcott Parsons's *The Theory of Social and Economic Organization* was originally proposed by Friedrich von Hayek for a series of translations from (mainly Austrian) economists who would today be seen as political conservatives. Likewise two of the translators of these works: Frederic Benham was subsequently a member of the Mont Pèlerin Society, and in 1937 Vera Smith married Friedrich Lutz, later President of that society.¹¹⁴ Furthermore, the draft translation was delivered to

¹⁰⁸ Violet Manhood to Parsons, 14 January 1941; Parsons to Manhood, 12 August 1941, Parsons Papers, HUGFP 15.2, Box 27.

¹⁰⁹ Telegram from Hodge to Parsons, 6 October 1941; Parsons to Manhood, 28 January 1942, Parsons Papers, HUGFP 15.2, Box 27.

¹¹⁰ Parsons to Manhood, 28 January 1943, Parsons Papers, HUGFP 15.2, Box 27.

¹¹¹ James Hodge to Parsons, 7 November 1944, Parsons Papers, HUGFP 15.2, Box 27.

¹¹² Their edited collection *From Max Weber* was published in New York in 1946.

¹¹³ Margaret Nicholson (Oxford University Press) to Parsons, 26 August 1947.

¹¹⁴ Dieter Plehwe, Table I.1 in his introduction to Philip Mirowski and Dieter Plehwe, eds., *The Road from Mont Pèlerin. The Making of the Neoliberal Thought Collective* (Cambridge, MA: Harvard University Press, 2009), p. 18.

Parsons through the good offices of another Austrian of similar political complexion. This sheds an interesting light on what Max Weber's name might have meant in the 1930s and on the fact that Parsons's involvement did in fact bring about a reframing of Max Weber's reputation: he entered the 1950s as a founder of modern (American) sociology and was distanced from the company of Ludwig von Mises, whose original landmark essay on the deficiencies of planned economies was published in the *Archiv* in 1920 at almost exactly the same time that Weber had been drafting his own critique of planned economies for chapter 2.¹¹⁵ Parsons's introduction to *Theory of Social and Economic Organization* clearly delineates the manner in which Weber's text was incorporated into his sociological narrative. The three principal sections of a substantial introduction correspond to Weber's three main chapters: chapter 1 is covered in "Weber's Methodology of Social Science"; chapter 2 in "Weber's 'Economic Sociology,'" and chapter 3 in "The Institutionalization of Authority."

Max Weber not only returned to postwar Germany in the guise of a founding father of American sociology, as such his reputation could now be linked with a new liberal German political order—something against which Wolfgang Mommsen chafed, and which led to his efforts in *Max Weber und die deutsche Politik* (1959) to connect Weber more firmly to German conservative traditions.¹¹⁶ Johannes Winckelmann's involvement in new editions of Max Weber's writings was not therefore context-free and tended to reinforce this reputational revision, whereby Max Weber was moved out of a conservative German political tradition and into the emergent international "modern social sciences." So how did Winckelmann's involvement in the history of *Wirtschaft und Gesellschaft* come about?¹¹⁷

Born in 1900, Johannes Winckelmann had been a law student in Hamburg from 1923 to 1926 and had, as a member of Ernst Cassirer's seminar, studied

¹¹⁵ Ludwig von Mises, "Die Wirtschaftsrechnung im sozialistischen Gemeinwesen," *Archiv für Sozialwissenschaft und Sozialpolitik*, Bd. 47 (1920): 86–121.

¹¹⁶ It should be noted how early this important and authoritative study of Max Weber appeared, later translated as *Max Weber and German Politics, 1890–1920* (Chicago: University of Chicago Press, 1984).

¹¹⁷ The following summarises my account of this episode in "Max Weber: The Works," *Economy and Society* 41 (2012): 282–98, which here draws on M. Rainer Lepsius, "Münchens Beziehungen zu Max Weber und zur Pflege seines Werkes," in Karl-Ludwig Ay and Knut Borchardt, eds., *Das Faszinosum Max Weber. Die Geschichte seiner Geltung* (Konstanz: UVK Verlag, 2006), pp. 17–27.

the methodology of the cultural sciences, taking an especial interest in Max Weber. Before 1939, he worked as a civil judge in Hamburg, and then moved to the Economics Ministry as *Ministerialrat* and *Referatsleiter* in the Department of Money and Credit. Ending the war in Frankfurt, this financial experience led to his involvement in the creation of the Hessian Landeszentralbank, eventually as a member of its board. This was to be very significant for the later foundation of the MWG, for when the Allies relinquished control of the Bank deutscher Länder in 1951 (forerunner of the Bundesbank, created in 1957), Winckelmann received a substantial pension, which he used to retire to a life of scholarship devoted to Max Weber.¹¹⁸

But Winckelmann's scholarship was an enthusiasm uninformed by any ongoing scholarly engagement since the 1920s. The revisions that he made to Weber editions were the work more of a tinkerer than a scholar, and this was most evident in his approach to *Wirtschaft und Gesellschaft*, which he reordered and supplemented, also assembling a volume of supplementary notes. Roth and Wittich's *Economy and Society* was based on Winckelmann's fourth edition and therefore excluded the appended "Sociology of Music" and put in its place "Parliament and Government in a Reconstructed Germany." Part II in 1956 now opened with part II, chapter 6, of 1922; "Die Stadt," part II, chapter 8, in 1922, became part II, chapter 16; and the eleven chapters of 1922, part III, became part II, chapters 10 to 15. Then the fifth edition of 1972 was different again: part III in 1972 was no longer chapters 10 to 16, but a unitary part II, chapter 9. None of this tinkering had much of an obvious impact on part I, but *Wirtschaft und Gesellschaft* as a whole was reorganised according to Winckelmann's personal conviction that the manuscripts left by Weber at his death were not a pile of unsorted papers, but a late draft for a manuscript that had in 1913 been almost ready for the printer; that there was a "compositional idea" underlying this draft that related to the textbook character of the work; and that the edition as published in 1922 lacked this inherent internal structure (*Gliederung*) since its editors had imposed their own ideas about sequencing on the existing material, believing that Weber had more or less abandoned

¹¹⁸ Winckelmann's credentials as a banker-scholar were established with his review of Weber's works in "Max Webers Opus Posthumum," *Zeitschrift für die gesamte Staatswissenschaft*, Bd. 105 (1949): 368–87.

the 1914 *GdS* Plan (as they stated in the preface).¹¹⁹ The MWG editors' work has demonstrated that he was, in one way or another, wrong on every count. Nonetheless, Winckelmann's ideas had shaped the source on which Roth and Wittich based their translation, so that the existing English translation of *Economy and Society* reflects compositional ideas about Weber's text that more recent scholarly work has shown to be without foundation.

All the same, it was due to Winckelmann that Munich and not Heidelberg became the base for the MWG edition. In the later 1950s, Winckelmann had made contact with the University of Munich and became an occasional teacher in sociology; he founded a Max Weber Archive, of which he then became the director. In 1963, he was made an honorary professor, and then in June 1966 the Max Weber Institut was founded in the faculty of social sciences (Staatswirtschaftliche Fakultät).¹²⁰ At the age of sixty-six, Winckelmann was now the director of a university body with its own budget, an assistant, and a secretary. In 1975, the Max Weber Institut was transferred to the Bavarian Academy of Sciences, shortly before which the new editorial board for the *Gesamtausgabe* was created, made up of Winckelmann, Wolfgang J. Mommsen, Horst Baier, M. Rainer Lepsius, and Wolfgang Schluchter. This board created the academic platform on which work has since developed, Winckelmann ceasing to play any real further role in this.¹²¹ The MWG editors later simply jettisoned Winckelmann's efforts at a reconstruction of "Weber's idea" of the text and went back to the 1921/1922 version of *Wirtschaft und Gesellschaft*, the closest reflection of the then surviving papers that now exists.¹²²

¹¹⁹ Johannes Winckelmann, *Max Webers hinterlassenes Hauptwerk: Die Wirtschaft und die gesellschaftlichen Ordnungen und Mächte. Entstehung und gedenklcher Aufbau* (Tübingen: J. C. B. Mohr [Paul Siebeck], 1986), p. 122.

¹²⁰ The principal chairs in this faculty were those of forestry, economics, and management (*Betriebswirtschaftslehre*, or BWL).

¹²¹ Edith Hanke, Gangolf Hübinger, and Wolfgang Schwentker, "Die Entstehung der Max-Weber-Gesamtausgabe und der Beitrag von Wolfgang J. Mommsen," in *Geschichtswissenschaft im Geist der Demokratie. Wolfgang J. Mommsen und seine Generation*, ed. Christoph Cornelißon (Berlin: Akademie Verlag, 2010), pp. 207–38.

¹²² Wolfgang J. Mommsen, "Max Weber's 'Grand Sociology': The Origins and Composition of *Wirtschaft und Gesellschaft. Soziologie*," *History and Theory* 39 (2000): 367. See the carefully phrased comments about the editors' use of Winckelmann's corrections to "part I" for his fourth and fifth editions, MWG I/23, p. 105, and the description of the changes made, pp. 105–6.

In so doing, however, they also broke up that text into its several constituent parts. MWG I/22 published the earlier draft material in five separate sections, respectively: "Gemeinschaften," "Religiöse Gemeinschaften," "Recht," "Herrschaft," and "Die Stadt," each section being given a detailed editorial introduction and apparatus that locates its material with respect to sources and Weber's own previous work. MWG I/23 prints "part I," which is necessarily simply an emended version of the first 1921 instalment, since the surviving proofs and their corrections had naturally already been incorporated in that edition. In addition to that, an additional volume, MWG I/24, provides the textual background, a substantial account of the course of development of the 1921/1922 text combined with associated plans and circulars. Instead of the one unitary volume that we had in 1922, we have seven separate volumes of text and editorial material.

Nonetheless, the way that the editors have approached the republication of the first instalment is not without its problems. As already noted, in February 1921 Marianne Weber had given this instalment the subtitle *The Economy and Social Orders and Powers*, but this has now been replaced in MWG I/23 with *Sociology. Unfinished, 1919–1920*. It is not entirely clear whether this implies an incomplete sociology or an incomplete book. This problem is highlighted by the fact that *WuG I* is, in fact, here treated editorially in a manner different from the remainder of the 1922 text. The materials published as MWG I/22 contain editorial reports on the various sections, as well as a detailed general introduction to each part-volume. In MWG I/23, however, there is no sustained discussion of the sources for individual chapters; editorial comment on sources and allusions is scattered through footnotes to the text. There is a general introduction by Wolfgang Schluchter, but this fails to address the issue of what Weber might, in 1919–1920, have been intending in the context of the *GdS*, and how what he was writing related to the material on which he drew. We have seen that Weber could be quite scathing about contemporary sociological writing; what he intended to do about this remains unexplained. Schluchter also assumed responsibility for the annotations to chapter 1; Knut Borchardt annotated chapter 2; and Edith Hanke annotated chapters 3 and 4. Hanke had, of course, also edited MWG I/22-4, "Herrschaft," part III of the 1922 edition, on which *WuG I*, chapter 3 is based, and so her work on MWG I/22-4 can be read against the later version in MWG I/23. By contrast, Borchardt's extensive knowledge of chapter 2 finds expression only in his

numerous editorial footnotes to that chapter, without the opportunity to marshal his command of the material in an account of sources and structure discussing exactly where all this material comes from, or to what parts of Weber's work it relates. This is an especially severe problem, for this chapter is based on historical and economic literature that is today largely forgotten, while since 1921 very little interest has ever been shown in the structure and argument of chapter 2.

The same is not true of chapter 1, which is the section of *Economy and Society* to which readers most often turn, but neither Schluchter's general introduction nor his editorial footnotes address the origins and development of chapter 1 at all. Quite obviously, the essay on "Categories" published in *Logos* in late 1913 is the source for a great deal of chapter 1, although any comparison of the two texts quickly shows the very large distance that Weber had travelled beyond that essay by 1919. There is some important commentary that addresses this issue, but none of it is cited by Schluchter—for example, Klaus Lichtblau's discussion of Weber's changing use of *Vergemeinschaftung* and *Vergesellschaftung*,¹²³ which is never mentioned anywhere in MWG I/23. In short, whereas Edith Hanke presents in MWG I/22-4 a detailed account of where the concept of *Herrschaft* comes from and how it develops over the years in Weber's writings, in MWG I/23 we are given no idea of what Weber's "sociology" might be, in what way it is exposed in chapter 1, and where it might have originated—despite MWG I/23 being given the subtitle *Sociology*. We therefore need to consider here, albeit briefly, where the material in chapters 1 and 2 originates, and how it is organised.

The Text of the First Instalment

The provenance of the three complete chapters of *WuG I* can be quickly summarised. Chapter 1 develops the 1913 "Categories" essay, heavily revised and given its didactic structure through the experience of presenting the material in two lecture courses: in Vienna during the summer semester of 1918 as

¹²³ See the Translation Appendix for the problems in translating these terms, and more generally, Klaus Lichtblau, "Vergemeinschaftung and Vergesellschaftung in Max Weber: A Reconstruction of His Linguistic Usage," *History of European Ideas* 37 (2011): 454–65, originally published in *Zeitschrift für Soziologie*, Jg. 29 Heft 6 (2000): 423–43.

“Wirtschaft u. Gesellschaft (Positive Kritik der materialistischen Geschichtsauffassung),”¹²⁴ and in Munich during the summer semester of 1919 as “Die Allgemeinen Kategorien der Gesellschaftswissenschaft” [The Most General Categories of Social Science]. No notes for these lectures, from either Weber or his auditors, have survived, but we do know that he completed work on chapter 1 shortly after giving the Munich lectures, sending it to Paul Siebeck on 25 September 1919.¹²⁵

Chapter 2 is almost three times as long as chapter 1,¹²⁶ but has no such readily identifiable source. The chapter clearly relates in part to Weber's lectures from the 1890s, and there is a great deal of material added from his reading and writing on economic history, for when he wrote this chapter he was also giving his lecture course on an “Outline for a Universal Social and Economic History” during the winter semester of 1919/1920.¹²⁷ The chapter is also heavily marked by the influence of Robert Liefmann and Friedrich von Gottl; hence, by material that Weber had read in the early 1900s, but where the exact impact of this earlier reading on the text is not as obvious as it might at first appear.

By contrast, chapter 3 is based on manuscripts dating back to 1908 that have now been published as MWG I/22-4, where the line of development from early drafts to the finished chapter has been reconstructed in great detail. Weber sent the chapter to be set on 31 March 1920, and so probably worked on it during the early part of that year.¹²⁸ Edith Hanke's editorial work on the earlier draft provides an account both of its genesis and of its eventual revision into “part I,” chapter 3, using earlier publications, drafts, and correspondence to highlight their connection to the latter parts of chapter 1. However, while chapter 1 and the early paragraphs of chapter 2 are based on the principles of social and economic action, the third chapter breaks this pattern: it presents

¹²⁴ “Economy and Society (Positive Critique of the Materialist Conception of History).” See Kichiro Yagi and Yukihiro Ikeda, eds., “Economics Courses at Vienna University 1849–1944—Compiled from Its Course Lists” (Working Paper No. 1, Faculty of Economics, Kyoto University, February 1988), 1:104.

¹²⁵ Max Weber to Paul Siebeck, 25 September 1919, MWG II/10.2, p. 789.

¹²⁶ In this translation, Chapter 1 is just over 24,000 words, compared with the 60,000 words of Chapter 2 and the 34,000 words of Chapter 3.

¹²⁷ See note 79 above. There is no record of when this chapter was finally sent to be set, but the first galley proofs were dated 21 February 1920.

¹²⁸ See MWG II/10.2, p. 789n3.

the genesis of political structures, and not an account of political action. How, then, chapter 3 relates to the two preceding chapters would require discussion separate from the question of how the material and arguments presented there relate to the earlier draft. Little can be said about the fragment of chapter 4 since it presents only the beginnings of a longer argument.

Important evidence concerning Weber's work on "part I" is also available from some galleys that have survived from 1920. While we do not know exactly when Weber sent chapter 2 to be set, the first galleys for §§1–16 were dated 21 February 1920, and the MWG editors have constructed from surviving sets a concordance of the flow of revisions and corrected proofs from then until 27 May 1920, very shortly before Weber became fatally ill.¹²⁹ For chapter 2, there are three discontinuous sets (for §§1–16, 24–27, 36–41), and for chapter 3, one set for §§15–18.¹³⁰ The editors also reproduce a sample page from each sequence, and these demonstrate another significant aspect of Weber's working methods: unlike modern practice, where proofs are usually presented to an author for correction only once, and for the clearly stated purpose of correcting typos and formatting errors, Weber used his galleys to heavily revise the text. A sample page from the beginning of chapter 2, §24,¹³¹ shows how Weber struck out whole sections, inserted new passages, rephrased lines, and corrected misspellings—and this page is dated 17 April 1920, barely two months before his death.

The implication clearly is that had Weber not died in June 1920, this process might well have continued, given the signs of haste in the later parts of chapters 2 and 3. Just because these chapters were set up in type did not mean that Weber was finished writing. I have already noted that the later parts of chapters 2 and 3 contain many asides in which Weber refers forwards to (non-existent) passages where he will elaborate points, or to later chapters that were obviously never written because he died in the midst of writing. But when combined with the amount of revision that he plainly did in proof during the spring of 1920—that he used early galleys as a clean copy of a manuscript on which he could set to work once more—it seems more likely that, had he lived, chapters 2 and 3 would have undergone further revision. The existence of

¹²⁹ See MWG I/23, p. 603.

¹³⁰ Respectively MWG I/23 pp. 606, 664–65, 691, and 710.

¹³¹ MWG I/23, facing page 664. §24 here finally became §24a, cf. MWG I/23 pp. 345–46.

proofs for *WuG I* is presumed to imply that Weber had signed off this work, but he used proofs in the process of revising his writing and there is ample evidence that chapters 2 and 3 are not entirely finished.¹³²

For example, while the structure of chapter 2 is derailed at the point that discussion of Knapp's ideas on money begins, in the later passages of chapter 3 there is an even greater sense of incompleteness, of a need to pull an argument together rather than constantly defer clarification to (now nonexistent) later sections and chapters. Furthermore, there is also a sense here that the scope of the text as Weber imagines it in 1920 has run out of control, that it has escaped the limits of the *GdS* and is becoming a total sociology with no perceptible limits. These two features—the heavy revision made to galleys and the increasing number of references to unwritten parts of the text—can also be joined to a third, the irregularities in numbering of paragraphs and sections. The §24 in the sample proof page from 17 April 1920 ended up in the printed edition as §24a, presumably because it was easier to do that than renumber all subsequent paragraphs. The section numbering in chapter 3 likewise goes astray in the printed version.¹³³

WuG I, chapter 4 is obviously a fragment, but it has been usual to treat the first three chapters as complete since, after all, they had been set up in type and Weber had made revisions to the proofs. But defects of order and argument persisted in the versions left at Weber's death, and it seems plausible that further work on these chapters would have pulled them into a tighter shape—quite probably never as tight as chapter 1, but the structural contrast between that chapter and the two succeeding chapters is suggestive.

This also reinforces the sense that Weber was not in 1919–1920 simply running through a plan he had finalised in 1914. The practice of using the successive plans for the *GdS* as a means of construing how *Wirtschaft and Gesellschaft* might have turned out is shown by examination of the text of chapters 2 and 3 to be a mistake. The only real clues that we now have about what Weber had in mind in 1920 are there in the text published in 1921 and

¹³² Weber was under great pressure from Siebeck to deliver his manuscript; this was why he proposed publishing the work in instalments, forcing himself to finish sections and hand them over as he went rather than wait until the whole text was finished.

¹³³ In the following translation, this printing error is corrected and the correction noted; the MWG editors preserve it.

1922, not in his correspondence, nor in the various plans he drew up years before. Moreover, in the later sections of chapter 3 Weber seems to be contemplating a text that threatened to become unrealisable, entirely bursting the bounds of the *GdS*. Under these circumstances, might Weber have come to acknowledge that the four chapters making up *WuG I* was all that the *GdS* needed? That we here already have a workable outline of a sociology that provides a means of organising our understanding of social, economic, and political life? A brief outline of the origins of the first three chapters can help us in considering this.

As already noted, in 1913 Weber published “Ueber einige Kategorien der verstehenden Soziologie,”¹³⁴ an essay addressed to the issue that, while human conduct was both contextual and regular, what made such conduct human was its susceptibility to being “interpretively construed.”¹³⁵ Furthermore, any such “understanding” gained through construal possessed a degree of transparency, that is, *Evidenz*, although this was not in itself sufficient proof of its empirical validity. Causal imputation was required to establish this, and “Purposively rational construal has the greatest degree of ‘transparency’ [*Evidenz*].”¹³⁶

The implications of these statements for Weber’s “sociology” will be discussed later; the point to be made here is that in 1913 Weber does present central ideas that will recur in chapter 1, but that are in 1919 developed much more systematically. For instance, in 1913 the important conception of *Evidenz* arrives in a rush already in the third sentence of the essay; as drafted in 1919, it is introduced in the third paragraph, elucidating the definition of sociology as a science that construes social action interpretively. Comparison of the early passages of the 1913 essay and of chapter 1 demonstrates that the latter reorganises the somewhat jumbled ideas expressed in 1913 into a clear didactic progression. There are also differences of emphasis between 1913 and 1919, as Klaus Lichtblau has detailed; there are continuities and discontinuities that help us understand how Weber refined his ideas. Letters from 1913 indicate that, at the time, he thought he had his sociology as good as finished; but comparison of the “Categories” essay with chapter 1 shows that in fact he

¹³⁴ Translated by Edith E. Graber as “Some Categories of Interpretive Sociology,” *Sociological Quarterly* 22, no. 2 (1981): 151–80.

¹³⁵ Max Weber, *Gesammelte Aufsätze zur Wissenschaftslehre*, 5th ed. (Tübingen: J. C. B. Mohr [Paul Siebeck], 1982), p. 428.

¹³⁶ Weber, *Gesammelte Aufsätze zur Wissenschaftslehre*, p. 428.

still had a very long way to go in detailed conception, and especially in mode of presentation. However much he hated lecturing, we can presume that it was the presentation of this material in Vienna and Munich that helped bring about the orderly way in which he presents his ideas in chapter 1. And the subtitle of his Vienna lecture course—"Wirtschaft u. Gesellschaft (Positive Kritik der materialistischen Geschichtsauffassung)"¹³⁷ suggests a link back to his earlier critique of Stämmeler from 1907, "R. Stämmeler's 'Ueberwindung' der materialistischen Geschichtsauffassung."¹³⁸ For a reader steeped in Weber's methodological writings, chapter 1 reads like an extension and development of ideas that had preoccupied Weber since the early 1900s. While the basic lineaments of those ideas remained the same, over time they became more refined, until they are presented in chapter 1 as the relentlessly systematic "casuistry" that Weber considered appropriate to the *GdS*.

By contrast, that same reader would balk at chapter 2, since it contains material and arguments that are quite plainly discontinuous with much of what Weber had published since the early 1900s. There are, of course, continuities with his writings on economic history, and in this regard this chapter is connected to a line of development that goes right back to his doctoral dissertation.¹³⁹ But the framework to which this historical material is fitted in chapter 2 is not one that can be directly connected to any of Weber's earlier published writing. When Frank Knight translated into English the student notes from the lecture course that Weber was giving while writing chapter 2—published in 1923 as *Wirtschaftsgeschichte*, edited by Hellmann and Palyi—he excluded the "Conceptual Preface" from his translation on the grounds that Melchior Palyi must have simply added to the student notes material that he had taken from *Wirtschaft und Gesellschaft*. He was wrong: as the student notes show, Weber did open his lecture course on economic history in the autumn of 1919 with an exposition of the basic economic concepts found in chapter 2.¹⁴⁰

¹³⁷ "Economy and Society (A Positive Critique of the Materialist Conception of History)".

¹³⁸ Translated by Guy Oakes as Max Weber, *Critique of Stämmeler* (New York: Free Press, 1977).

¹³⁹ See the collection Max Weber, *Économie et société dans l'Antiquité, précédé de les causes du déclin de la civilisation antique*, with an introduction by Hinnerk Bruhns (Paris: La Découverte, 2001), and Hinnerk Bruhns, *Max Webers historische Sozialökonomie. L'économie de Max Weber entre histoire et sociologie* (Wiesbaden: Harrassowitz Verlag, 2014).

¹⁴⁰ Max Weber, *Wirtschaftsgeschichte. Abriss der universalen Sozial- und Wirtschaftsgeschichte*, ed. Siegfried Hellmann and Melchior Palyi (Munich: Duncker und Humblot, 1923) (now MWG III/6), translated by Frank Knight as *General Economic History* (New York: Greenberg Publishers, 1927); see my discussion in "Max Weber's 'Conceptual Preface,'" pp. 11–38.

The source for these principles can be found in the lectures that Weber had given in Freiburg and Heidelberg more than twenty years previously, and which were not published until 2009.¹⁴¹ These place Weber squarely in the mainstream of the “modern economics” associated with Carl Menger, but Weber was also heavily influenced by Eugen von Böhm-Bawerk, who in the 1890s was the chief proselytiser for “Austrian economics,” publishing in both European and American journals.¹⁴² The contribution that Böhm-Bawerk's brother-in-law, Friedrich von Wieser, made to the first part of the *GdS* was the first general elaboration of the approach they had sketched out in their writings of the 1880s, and it was the writings of Menger and Böhm-Bawerk that would have the most significant impact on the way in which Weber, during the second half of the 1890s, absorbed contemporary economic writing. In the autumn of 1894, he started lecturing on theoretical economics for four hours a week in Freiburg, having spent the previous summer reading up on the subject. By the time his lectures were refined into the form they took in Heidelberg, they bore the clear marks of Austrian thinking about economic action, rationality, and choice.¹⁴³

Weber's approach to contemporary economic theory can also be illuminated by comparing the structure of his own reading list with the textbook of his predecessor in Freiburg: Eugen von Philippovich, whose death in 1917 would also provide the possible opening for Weber in Vienna. The editors of the 1894–1898 lectures present a useful side-by-side comparison of the structure of Weber's reading list with that of the second revised (1897) edition of Philippovich's own textbook, suggesting that there are clear similarities between

¹⁴¹ For his summer semester 1898 course on economic theory, a structured set of readings and a summary of “Book I: The Conceptual Foundations of Economics” were printed and circulated; these were published separately as *Grundriss zu den Vorlesungen über Allgemeine (“theoretische”) Nationalökonomie* (Tübingen: J. C. B. Mohr [Paul Siebeck], 1990), and are now also printed in MWG III/1, pp. 89–117, 122–54.

¹⁴² For an outline of this, see my “Lecture 11. From Political Economy to Economics,” in *The History of Economics. A Course for Students and Teachers*, ed. Roger E. Backhouse and Keith Tribe (Newcastle upon Tyne: Agenda, 2017), pp. 183–91. There is remarkably little modern commentary that addresses the international impact of “Austrian” economics in the 1890s, something that is obvious from any review of contemporary periodicals.

¹⁴³ For a discussion of the reading that Weber recommended and its relation to his teaching, see my “Max Weber and the ‘New Economics,’” in *Austrian Economics in Transition. From Carl Menger to Friedrich Hayek*, ed. Harald Hagemann, Tamotsu Nishizawa, and Yukihiro Ikeda (Basingstoke: Palgrave Macmillan, 2010), pp. 73–79.

Philippovich's textbook and Weber's ground plan. But the side-by-side comparison reveals more that Weber, by 1898, deviated significantly from his Freiburg predecessor.¹⁴⁴

Rather than take the second edition of Philippovich's textbook, I refer here to his first, the one that Weber might have looked at in the summer of 1894 when he made his first systematic foray into this material.¹⁴⁵ Philippovich begins conventionally enough for a German economics text, defining the concept of "economy" as "all those processes and arrangements that are directed to the constant supply of human beings with material goods."¹⁴⁶ He moves from "the nature of economy" to "the elementary facts of economy," the needs of man being the point of departure for economic activity, the purpose of such activity being their satisfaction. These needs do not, however, all have the same significance, and do not have the same impact on our action; the stimuli can vary—an opening to Menger's arguments. At the end of the paragraph, he cites a number of sources: Hermann, Roscher, Wagner, Menger, Böhm-Bawerk, Sax, Gossen, and Alfred Marshall. While the argument is constructed in a conventional manner, Philippovich no longer neglects Austrian (Menger, Böhm-Bawerk, Sax) work, and also cites Marshall's *Principles* (1890), which would for the next thirty years be recognised internationally as representing the most accessible general account of contemporary economic theory available.

Philippovich's text is typical of contemporary German works in presenting a synthesis of new and old; the new subjectivist, Austrian approach, which itself was a development of a much older German political economy, is absorbed

¹⁴⁴ MWG III / 1, pp. 69–79. Weber's notes for his lectures on theoretical economics are undated. They have been edited in MWG III / 1 to reflect the coherence they acquired over the years. They represent his lecturing in 1898, and we can only surmise how he got there; it is not possible to judge from them exactly what Weber had delivered during winter semester 1894–1895 in Freiburg.

¹⁴⁵ Weber had attended Carl Knies's Heidelberg lectures in political economy in 1882 and 1883, but the 1883 edition of Knies's *Die politische Oekonomie vom geschichtlichen Standpunkte* contains no reference to the work of Menger, nor to Böhm-Bawerk's first publication, *Rechte und Verhältnisse vom Standpunkte der volkswirtschaftlichen Güterlehre. Kritische Studie* (Innsbruck: Verlag der Wagner'schen Universitäts-Buchhandlung, 1881). For a discussion of Knies's teaching, see my "Max Weber and the 'New Economics,'" pp. 69–73, and for Weber's reaction, see Wilhelm Hennis, "Max Weber's Central Question," in *Max Weber's Central Question*, pp. 128–29.

¹⁴⁶ Eugen von Philippovich, *Allgemeine Volkswirtschaftslehre* (Freiburg I. Br.: J. C. B. Mohr [Paul Siebeck]), 1893), p. 1.

into a framework that remains centred in book II on the older organising idea of land, labour, and capital as factors of production; book III then deals with exchange, and book IV with income and consumption, concluding with an account of the historical development of theory and policy. This is a broad division of the subject that runs right back to the second edition of Jean-Baptiste Say's *Traité d'économie politique* (1814). Weber's 1898 outline, on the other hand, begins not with "The Nature of the Economy"¹⁴⁷ but with "The Conceptual Foundations of Economics"; where Philippovich entitles chapter 2 in the introductory section "The Elementary Facts of the Economy," Weber is already referring in §2 to "The Economy and Its Elementary Phenomena." What for Philippovich are uncomplicated "elements" are already for Weber "phenomena" whose provenance is contingent and variable. He reinforces this sense of contingency by moving on to "The so-called 'economic' principle and the theoretical construction of the economy," followed by economic needs and "goods," enclosed within the quotation marks of which he made such liberal use. Here in the introductory sections, Weber treats economic science as a set of concepts and definitions with which "the economy" is constructed, not simply as a set of definitions of a preexisting economic reality. Furthermore, book III in Weber outlines the "Historical Foundations of the Economy" from ancient to modern society, an approach then unusual in German economics textbooks and an indication of quite why he planned for the *GdS* to begin with a historical account of economic development, and why he was so disappointed when Bücher delivered such a scrappy contribution. Instead, he would reprise these "Historical Foundations" in *Economy and Society*, chapter 2.

By 1898, Weber had already moved on from Philippovich in two important respects. First, he treated economics as a set of concepts and definitions with which "the economy" is constructed, not simply as a set of definitions derived from a preexisting economic reality. Weber starts out with robust conceptualisations of "economic activity" and then moves on this basis to a substantive appreciation of the economy, covering the conventional economic categories only in passing. This means that there is no clear division between "theory" and "applied economics"; this enables us to make greater sense of what he later

¹⁴⁷ Philippovich's Book I is "Das Wesen der Volkswirtschaft," the first chapter being "Das Wesen der Wirtschaft."

sought to do on the basis of these notes in *Economy and Society*, chapter 2. Second, Weber opens the draft outline that he prepared for the summer semester of 1898 with “1. Begriff der Wirtschaft”—the “concept of economy”:

By “economic activity” we understand a specific form of *external purposeful activity* [*Zweckstrebens*]*—that is, a conscious, planful relation to nature and people—which is prompted by those needs that require external means for their satisfaction—whether these needs be themselves “material” or “ideal”—and which serve the purpose of provision for the future.*

“Economy” is the complex of measures brought into being by the economic activity of an individual or of a human community.¹⁴⁸

This is in conformity with “what is generally accepted” among Austrian economists, as Emil Sax wrote in 1884.¹⁴⁹ The work of Liefmann and Gottl would also have a major influence on the structuring of chapter 2, and this will be discussed in the following section.

Edith Hanke deals with the genesis of chapter 3 in detail in her editorial work for MWG I/ 22-4 and I/ 23. Here it is worth emphasising again that the “older draft” was included as part III of the 1922 *Wirtschaft und Gesellschaft*: this edition therefore includes as chapter 3 the final revision of a draft *that is also printed later in the same book as part III*. This rather bizarre circumstance seems to have gone generally unremarked in the Weber commentary, and it only became more obvious with the editorial decision to publish *Economy and Society* in its constituent parts. Furthermore, whereas chapters 1 and 2 are linked by an account of social action—the work of sociability in general, and then in chapter 2, how this work of sociability creates economic institutions—chapter 3 presents a typology of structures of rule.

For chapter 3, we do not need to construct relationships among diverse texts in an effort to identify a central thread or a guiding theme, nor do we need to take a position on the various arguments surrounding these efforts. In MWG I/ 22-4, Edith Hanke presents chapter 3 as the culmination of a *Herrschaftssoziologie*, a “sociology of rule” developed since 1909, when Weber referred

¹⁴⁸ MWG III/ 1, p. 122.

¹⁴⁹ Emil Sax, *Das Wesen und die Aufgaben der Nationalökonomie. Ein Beitrag zu den Grundproblemen dieser Wissenschaft* (Vienna: Hölder, 1884), p. 9.

to his idea as an “Analyse der Herrschaft,” a “Kasuistik der Herrschaftsformen,” or a “soziologische Staats- und Herrschaftslehre.”¹⁵⁰ At the time, the only systematic concept of *Herrschaft* was to be found in law, in the definition of the state by Laband, drawing on Gerber—rule as the power of command and coercion, a legalistic conception first challenged in 1900 by Jellinek's *Allgemeine Staatslehre*. Quite properly, Hanke seeks to identify the sources of Weber's conceptual apparatus, the materials with which he could work, where he takes this material up and simply repeats it, and where he takes it in a different direction. Unless we know the evolving conceptual field within which Weber was placed, we cannot really know where Weber himself begins and ends.

From the existing discussion of *Herrschaft*, Hanke then turns to bureaucracy—here again, around 1910 this was already associated (by Karl Kautsky and Alfred Weber) with rationalisation and capitalism; then Hanke turns to patrimonialism and feudalism, where Weber's reading would have taken him into a debate among German historians about the origins of occidental feudalism—was it Germanic, or military, or perhaps related to tithes? “Charisma,” another key component here, was at this time applied to the early Christian church, and so a part of theological controversy, subsequently applied to the way many of Stefan George's followers characterised themselves as “disciples.” Then Hanke turns to “legitimacy,” discussing the work of Bryce, Michels, Gumpłowicz, and Oppenheimer, the upshot being that while a number of writers related systems of power to a need for legitimation, the idea of legitimacy itself was not systematically used to characterise rule. From the argument in the older draft that the claim of legitimacy can rest on rational rules or personal authority, which in turn can be either traditional or charismatic, there then later evolved the three types of rule that are the subject matter of chapter 3: bureaucratic, patriarchal, and charismatic.

This, then, outlines the leading features of the genesis of each chapter and the path that each line of thought follows, providing some insight into the shaping of Weber's “sociology.” But there is one more approach to “his sociology” that can be explored before turning directly to it: the individuals that Weber names in chapters 1 and 2 as his “influences.”

¹⁵⁰ “Analysis of rule,” “casuistry of forms of rule,” a “sociological theory of the state and of rulership: MWG I/22-4, p. 3. The following outlines key points of Hanke's editorial introduction to MWG I/22-4.

Tönnies, Gottl, and Liefmann as Weber's "Sources"

In the preamble to chapter 1, Weber names Karl Jaspers, Heinrich Rickert, Georg Simmel, Friedrich von Gottl, Ferdinand Tönnies, and Rudolf Stammler as notable influences on his thinking in writing the chapter. Weber here reviews some of his intellectual debts, positive and negative, making the point that his treatment of "meaning" involves distinctions that Simmel does not systematically make, and that his conception of *Verstehen*¹⁵¹ can be related to the work of Jaspers, Rickert, and Simmel. His earlier critique of Stammler is acknowledged as a foundation for the arguments of chapter 1, thus making a direct linkage back to his writing before involvement with the *GdS* project. He also here positively endorses Tönnies and Gottl, and here one can be easily misled, for in these two cases Weber quite clearly adopts terminology and ideas, but then provides them with a radically new twist.

Discussion of "influence" usually treats this as a positive trace from the work of one writer, thinker, or text to another. Here I want to point out that, with Weber, this linkage sometimes becomes seriously disrupted. As I suggested earlier, rather than assume a positive continuity, a more roundabout form of "influence" is often at work—where Weber seemingly takes up someone else's idea, even acknowledges his debt more or less effusively, but then changes it out of all recognition. Just as much as with his own evolving ideas, Weber continually synthesised familiar material to produce new insights and arguments. These arguments have to be understood on their own terms. Identifying their origin helps us gauge his novelty; it does not reduce this novelty to something that had previously been understood. I will briefly demonstrate that the explicit traces of "existing ideas" in his writings can signify points at which he has *inverted* material he is ostensibly using. The novelty of what Weber is doing is not simply the shape he gives his arguments, but the radical changes he makes to that which he apparently "borrows." Indeed, for the earlier methodological writings, Weber is mostly writing *against*, not *with*, the sources that have been identified and more or less extensively discussed in the commentary—Roscher, Knies, Rickert, Windelband, Stammler, and Sombart. These writers are all important influences on Weber because of the way he responded to their work,

¹⁵¹ See the discussion of this term in the Translation Appendix.

not because he simply adopted what they had written. This proposition can only be supported in outline here, and is most conveniently done in the case of three writers: Tönnies, Gottl, and Liefmann. In chapter 1, Tönnies's *Gemeinschaft und Gesellschaft* is an obvious key reference, and when acknowledging Gottl, he is referring to *Die Herrschaft des Wortes*. In chapter 2, Gottl figures again in Weber's discussion of *Technik*, drawing on Gottl's *GdS* contribution on this topic, and the role this plays in chapter 2 is also related to a more general influence of Robert Liefmann's work. I will begin by discussing chapter 1.

Ferdinand Tönnies's *Gemeinschaft und Gesellschaft* is a philosophical history of social organisation, and so distanced from the analytical histories that Weber constructed, the better to understand the "history of our present." Tönnies's distinction between *Gemeinschaft* and *Gesellschaft* is built on a series of conceptual polarities,¹⁵² all of which turn on a fundamental distinction of *Wesenswille*—the real or natural unity of desires, feelings, inclinations—from *Kürwille*—an ideal or constructed version of the same. He suggests that in the former, the will dominates, in the latter, thought; he deems the first the psychological equivalent of the human body, whereas he views the second as a creation of thought itself.¹⁵³ The text is not constructed on a series of related concepts that provide the progressive building blocks for social analysis, as in Weber; instead, there is a simple repetition of equivalent binary relationships, all of which are reducible to this original polarity of *Wesenswille* and *Kürwille*. So, for example, he suggests the feminine nature of *Gemeinschaft*, centred on the house and not the market. Householding is strong and independent in the village, sustained in the town in the bourgeois household, but in the city becomes *steril, eng, nichtig*, subsumed into a mere place to live.¹⁵⁴ The thought is continued into trade, which is said to be inimical to the domestic, settled life. A trader is a constructed person who is rootless—a traveller, familiar with alien customs and mores, without love for any one country, speaking in many tongues and duplicitous, *zungenfertig und doppelzüngig*, that is, the opposite

¹⁵² Klaus Lichtblau makes this point in his "Die Bedeutung der Kategorie des 'Einverständnisses' in Webers Wissenschaftslehre," in *Max Webers vergessene Zeitgenossen. Beiträge zur Genese der Wissenschaftslehre*, ed. Gerhard Wagner and Claudius Härpfer (Wiesbaden: Harrassowitz Verlag, 2016), p. 219.

¹⁵³ Ferdinand Tönnies, *Gemeinschaft und Gesellschaft. Grundbegriffe der reinen Soziologie* (1935; repr., Darmstadt: Wissenschaftliche Buchgesellschaft, 1979), p. 73.

¹⁵⁴ Tönnies, *Gemeinschaft und Gesellschaft*, p. 135.

of a *Bauer* who is solidly rooted in the *Scholle*, and of the *Bürger* practising a craft.¹⁵⁵ This simple duality is presented in tabular form:¹⁵⁶

Gemeinschaft	Gesellschaft
Wesenswille	Kürwille
Selbst (self)	Person
Besitz (property)	Vermögen (wealth)
Grund und Boden (land)	Geld (money)
Familienrecht (family law)	Obligationsrecht (contract law)

Henry Maine's original argument concerning a movement from status to contract underpins this approach,¹⁵⁷ interpreted by Tönnies as a movement involving the progressive dissolution of family relations and the growth in their place of individual obligations. The individual becomes a construction of civil law instead of being defined as a member of a family, a "community of blood" where "*Grund und Boden* has its own will."¹⁵⁸ Borrowing from Hobbes, with whose work Tönnies had begun, the state is described as an artificial social connection created to protect its subjects—as he writes echoing Hobbes, an "artificial person."¹⁵⁹

Emile Durkheim reviewed Tönnies's book in 1889 and recognised that it drew on Maine's conception of an evolutionary movement from status to contract.¹⁶⁰ He described Tönnies's book as a treatise regarding the shift from an "organic" past to a "mechanical" future, using terms he would later employ when his doctoral thesis was published in 1893 as "*De la division du travail social: Études sur l'organisation sociales des sociétés.*" Durkheim reversed the terminology in his book, however: here the evolutionary movement from community to society was described as involving a shift from mechanical to organic solidarity. In her introduction to a new translation of *Gemeinschaft*

¹⁵⁵ Tönnies, p. 141.

¹⁵⁶ Tönnies, p. 158. A complete listing of the respective properties of *Gemeinschaft* and *Gesellschaft* is given on pp. 216–17.

¹⁵⁷ Henry Sumner Maine, *Ancient Law. Its Connection with the Early History of Society, and Its Relation to Modern Ideas* (London: John Murray, 1861).

¹⁵⁸ Tönnies, *Gemeinschaft und Gesellschaft*, p. 186.

¹⁵⁹ "Eine fingierte oder künstliche Person." Tönnies, *Gemeinschaft und Gesellschaft*, p. 198.

¹⁶⁰ Joan Aldous, "An Exchange between Durkheim and Tönnies on the Nature of Social Relations, with an Introduction by Joan Aldous," *American Journal of Sociology* 77 (1972): 1196. Durkheim's review was published in *Revue philosophique*, t. 27 (1889): 416–22.

und Gesellschaft, Jose Harris suggests that, for Tönnies, “community” and “society” are two coextant and distinct modes of social order, not part of an evolutionary progression in the way that Durkheim in 1889 supposed. The problem of modernity, she suggests, is therefore not conceived by Tönnies as the “waning” of a past order, but rather as the deliberate replacement of affectively based relationships with rationally formed ties, which once effected, eliminate the prospect of recreating equivalent affective relationships. Community gives way to society not because of any evolutionary superiority of the latter, but because once formed, the rule-governed rational conduct of society undermines any other mode of existence.¹⁶¹

Seen from the perspective of what Weber does in chapter 1, however, we can question this judgement. As is made clear from the above summary, the way Tönnies's entire book is built on sets of binary relationships reducible to the contrast of *Wesenswille* to *Kürwille* implies that, in time, community is irrevocably lost and replaced by a constructed, artificial society. Tönnies associates all *positive* social features with the former; he has absolutely *nothing* positive to say about the latter. Tönnies is, in fact, just another cultural critic of modernity who writes about the present while thinking of the past—rather like Sombart, in fact.¹⁶² The duality that Weber does adapt from Tönnies, in the form of *Vergemeinschaftung* and *Vergesellschaftung*, neither assumes the naturalness of *Gemeinschaft*, since it is a social order that can be created and is not pre-given, nor entails a general polarity of social development, a relentless movement from the first to the second. Weber employs *Vergemeinschaftung* and *Vergesellschaftung* as alternative social strategies. In his emphasis on historical contingency, he certainly emphasised that certain developments could form turning points that, once passed, could not be undone, but this is not how the processes of *Vergemeinschaftung* and *Vergesellschaftung* are elaborated in *WuGI*. Where Tönnies's book is a lament for the loss of an old order, Weber was a sober critic both of the old and the new order. While one might regret it, there was no going back to the older order, however much the new

¹⁶¹ Jose Harris, introduction to Ferdinand Tönnies, *Community and Civil Society* (Cambridge: Cambridge University Press, 2001), p. xxix. Note that this edition does not carry the subtitle *Basic Concepts of Pure Sociology* that Tönnies gave to his book from the second edition of 1912 onwards.

¹⁶² See Friedrich Lenger, *Werner Sombart 1863–1941. Eine Biographie* (Munich: C. H. Beck, 1994), pp. 140, 162.

order was the preserve of the “specialists without spirit” whom Weber excoriates in the closing pages of the *Protestant Ethic*. If we examine what influence we might attribute to Tönnies in the construction of chapter 1, we can conclude that it extends just as far as the idea of distinguishing *Gemeinschaft* from *Gesellschaft*, and no further.

The case of Gottl is rather different; here it is the idea of “basic concepts” as the building blocks of scientific argument that is perhaps the most prominent association, although it had long been usual to begin German economic treatises with a listing of basic economic concepts, and Friedrich Julius Neumann had in 1889 published a review of European political economy in just these terms.¹⁶³ In 1900, Gottl had completed his Habilitation in Heidelberg's Faculty of Philosophy with a dissertation on “basic concepts” in economics;¹⁶⁴ *Die Herrschaft des Wortes* was a reprint of his Habilitation dissertation, coupled with a lecture given in Heidelberg in December 1900.¹⁶⁵ As the subtitle to his book suggested, Gottl proposed a “critique of economic thinking” through an interrogation of its basic concepts, but this was a critique founded in philosophy, not economics. Consequently, while he raises the important point that central concepts are used casually and unreflectively in economics, he nowhere seeks to exemplify this and demonstrate consequences. Nor, indeed, does Gottl go so far as to examine the idea of a concept, a *Begriff*, and quite why it might play such a central role in the development of scientific argument. The lecture that Gottl coupled with his dissertation repeated the same ideas

¹⁶³ Friedrich Julius Neumann, *Grundlagen der Volkswirtschaftslehre* (Tübingen: Verlag der H. Laupp'schen Buchhandlung, 1889). The first chapter was “Wirtschaft und Wirtschaften,” followed by chapters on wealth and goods, value, and returns; revenue; and income. Neumann also wrote the entry “Wirtschaftliche Grundbegriffe” in *Handbuch der politischen Ökonomie*, Bd. 1, 3rd ed., ed. Gustav Schönberg (Tübingen: H. Laupp'schen Buchhandlung, 1890), pp. 133–74, which covers the same ground.

¹⁶⁴ Gottl had previously completed a doctorate supervised by Knies in Heidelberg, and would have gone on to pursue his Habilitation with Weber if it had not been for Weber's illness. He was instead supervised by Weber's stand-in, Karl Rathgen. As Morikawa notes, there was nonetheless a student–teacher relationship between Gottl and Weber, even though Gottl was only four years younger. Takemitsu Morikawa, “Friedrich Gottl und Max Weber,” in *Max Webers vergessene Zeitgenossen. Beiträge zur Genese der Wissenschaftslehre*, ed. Gerhard Wagner and Claudius Härpfer (Wiesbaden: Harrassowitz Verlag, 2016), p. 194.

¹⁶⁵ Friedrich Gottl, “Ueber die ‘Grundbegriffe’ in der Nationalökonomie” (Jena: Gustav Fischer, 1900), pp. 1–64 of *Die Herrschaft des Wortes. Untersuchungen zur Kritik des nationalökonomischen Denkens: einleitende Aufsätze* (Jena: Gustav Fischer, 1901).

at very great length: claiming that clear definitions were needed, but not offering any; introducing terms but failing to elaborate their meaning; seeking to make distinctions, but not making clear why this was important. In 1906, Max Weber wrote to Gottl that he had had to read *Herrschaft des Wortes* four times before he got to the end without forgetting where he had started,¹⁶⁶ which indicates more Weber's *perseverance* than the complexity of Gottl's text. Likewise, when Gottl gave a lecture on "The Limits of History" at the 1903 Historians' Congress (Historikertag) in Heidelberg, contemporary reports suggest that not only did very few understand what he was saying but that very many struggled to make any sense at all of what he was saying—it was just *Unsinn* (nonsense): they heard the words he uttered, recognised it was in German and grammatical, but it made no sense to them. Weber, however, maintained that it made perfect sense, that it had, for him, a meaning that he could transform into some kind of sense.¹⁶⁷ What Weber took from Gottl was the idea that the analysis of human action could be developed as a set of basic concepts; while Gottl never got beyond stating the idea, Weber showed in chapter 1 how this idea might be realised.

This work of transformation is also evident in chapter 2 with his use of Gottl's contribution, "Wirtschaft und Technik," for the *GdS*. Weber wrote of the piece, "Gottl's work is quite excellent. There is nothing similar in *any work*," which was not necessarily an unambiguous endorsement.¹⁶⁸ Gottl contended in his piece that *Technik* is the means through which our actions become successful, defining *Wirtschaft* and *Technik* as, respectively, "ordered action directed to the satisfaction of needs," and "the orderly execution of this action."¹⁶⁹ He then relates technical and economic rationality, and general and specific utility, to productivity and efficiency (*Wirtschaftlichkeit*), proceeding from one distinction to another as if logically, but without actually developing his argument in any clear direction. Nonetheless, in chapter 2 Weber takes up Gottl's distinction between *Wirtschaft* and *Technik*, the distinction turning on the relationship between means and ends, and the degree of rationality of an action. Following on from chapter 1, the "meaning" of an action is the subjectively intended

¹⁶⁶ Weber to Friedrich Gottl, Heidelberg, 8 April 1906, MWG II/5, p. 70.

¹⁶⁷ Morikawa, "Friedrich Gottl und Max Weber," pp. 194–96.

¹⁶⁸ Max Weber to Paul Siebeck, 15 April 1914, MWG II/8, p. 623.

¹⁶⁹ Friedrich von Gottl-Ottlilienfeld, "Wirtschaft und Technik," in *Grundriss der Sozialökonomik. Erstes Buch: Grundlagen der Wirtschaft. Abt. II: Die natürlichen und technischen Beziehungen der Wirtschaft* (Tübingen: J. C. B. Mohr [Paul Siebeck], 1914), p. 208.

meaning; hence, at the beginning of chapter 2 an “economically oriented” action is *intentionally* oriented to satisfying a desire for utilities. The rationality of this action arises from the degree to which the action takes account of the purpose for which means are employed; it is a measure of the planful orientation of the actor. Whether an action is rational or not then relates to the social, or if you like, institutional, context of the action; there are no inherently rational means, simply activity seeking to meet certain ends whose rationality derives from the manner in which means are selected to achieve desired ends.

Where Gottl limited himself to philosophical phraseology, Weber used this idea to develop an idea of social technology: the organisation and management of social action. Hence, here again, Weber picks up a distinction that Gottl had opened up but had not developed logically—and then embeds it in his account of rational economic action. Weber states in chapter 2, §1.4, “not every action which is rational in its means should be called ‘rational economic action.’” He seeks here to limit the conception of *Technik* to the medium through which an action is executed and separate it from “economy,” which constantly implies a relationship between means and end—ambiguously so, in normal usage, since it means both action aimed at satisfying a need and the form in which that action is executed, “the well-known principle of ‘least force.’” It is this latter form of action that Weber calls “the measure of rationality of a technique.”

As for Robert Liefmann, Weber more than once extravagantly praised the work of his former student, and in closing chapter 2 he specifically endorsed Robert Liefmann’s work on income. Liefmann had been a doctoral student in Freiburg with Max Weber, and from 1914 held the chair of economics there. He later claimed to have long held the view that Weber had a descriptive and historical approach to economics, whereas Liefmann considered himself more a theoretician, a statement since used in support of a claim that Weber was not, or no longer, really an economist.¹⁷⁰ But as with Gottl, we need to be more sceptical in accepting the self-assessments of Weber’s contemporaries, even if Weber himself endorsed them. Weber certainly was influenced by Liefmann’s work in chapter 2, but not by what Liefmann himself regarded as his unique achievement.

Liefmann believed that he had resolved a central problem in modern economic theory by properly identifying the subjective basis of need, but to

¹⁷⁰ Robert Liefmann, “Robert Liefmann,” in *Die Volkswirtschaftslehre der Gegenwart in Selbstdarstellungen*, ed. Felix Meiner and Felix Meiner (Leipzig: Verlag, 1924), p. 158.

make this claim he (falsely) attributed to all other preceding writers a confusion of factors of production with subjective need. This was first stated in 1907,¹⁷¹ then developed at very great length in 1917, when he enlarged again on the way that all previous writers had a faulty conception of economic phenomena. Liefmann believed that the correct approach was his own conception of "marginal return," whereby an economic action involved a calculation by the agent of a marginal cost, and hence of the yield as the surplus of utility that one gains from the dedication of the final unit of cost applied to every need. Hence, what the consumer equalises are marginal returns.¹⁷² So far as it is possible to follow Liefmann's reasoning, he appears to get everything backwards, working from yield to cost and not the other way around. As a contemporary reviewer suggested, Liefmann was a bad writer who consequently became a bad theoretician, or possibly the other way around, added to which he belligerently rejected all other views or opinions, insisting on the novelty of his own ideas.¹⁷³

While Liefmann's overbearing insistence on his own originality is a constant feature of his writing, his own estimation of what was central to his writing had little or no impact on Weber's own thinking. Knut Borchardt points out that the central role that *Kapitalrechnung* (capital accounting) plays in chapter 2,¹⁷⁴ a key element in Weber's treatment of the rationality of economic activity used fifty-four times in the chapter, was not a common contemporary technical term. It did, however, recur in Liefmann's essay "Kapital und Kapitalismus," where it functioned to characterise the capitalist enterprise.¹⁷⁵ And so while Weber does draw on Liefmann for a central idea in the chapter, his direct acknowledgement of Liefmann relates to something else. Nor does Weber share Liefmann's perspective on recent economic theory; as

¹⁷¹ Robert Liefmann, *Ertrag und Einkommen auf der Grundlage einer rein subjektiven Wertlehre. Ein wirtschaftstheoretischer Versuch* (Jena: Gustav Fischer, 1907), pp. 3, 17.

¹⁷² There is a measurement problem here, but all arguments about utilities and yields are subject to the same problem. See Robert Liefmann, *Grundsätze der Volkswirtschaftslehre*, Bd. I: *Grundlagen der Wirtschaft* (Stuttgart: Deutsche Verlags-Anstalt, 1917), part I, chapters 3 and 4, pp. 299, 407.

¹⁷³ Joseph Bergfried Eßlen, "Nutzen und Kosten als Grundlage der reinen Wirtschaftstheorie," *Schmollers Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft im deutschen Reich*, Jg. 42 (1918): 1123.

¹⁷⁴ MWG I/23, p. 259n29.

¹⁷⁵ Borchardt refers to "Kapital und Kapitalismus," *Zeitschrift für die gesamte Staatswissenschaft*, Bd. 72 (1916): 328–66, and Bd. 73 (1917): 45–100.

Weber makes quite clear at the beginning of chapter 2, his main points of orientation are the works of Menger and Böhm-Bawerk. In chapter 2, Weber picks up where he had left off in his 1898 plan for an economics textbook, but twenty-two years later he is still absorbing contemporary German economic work. To what end, however?

Weber's "Sociology"

From 1913 onwards, Weber referred to the one contribution that he was now going to make to the *GdS* as "his sociology." Making the same criticism of Liefmann as Eßlen had in his 1918 review, and having read about half of Liefmann's *Grundsätze der Volkswirtschaftslehre*, Bd. I, he wrote to him in March 1920, saying:

If you would only concisely and simply outline *your own* formulations, instead of complaining of the stupidity of others who have not arrived at the same conclusions, I do believe that a great deal of sterile annoyance could be avoided. First of all, your campaign against "sociology": I well understand this, but wish to note that if *I* have now become a sociologist (according to my official title!), then to a great extent in order to finish off the last resilient remnants of an enterprise working in terms of collective concepts. In other words: sociology too can only be based on the action of one, several, or many individuals; it can only be pursued with a strictly "individualistic" method. . . . In sociological terms, the state is no more than the chance that particular kinds of specific *action* occur. And that is all. I have taught and written about this for years. What is "subjective" about this is that such action is oriented to particular ideas. And what is "objective": that we, the observers, conclude that there is a chance that action oriented to these ideas will follow.¹⁷⁶

Action, its orientation, *Chance*, subjective and objective appraisal—these are the basic elements of Weber's sociology, and they support the proposition advanced here that we already do have most of Weber's "sociology" in *WuG I*. When he bowed to student demands in the autumn of 1919 and lectured on economic

¹⁷⁶ Max Weber to Robert Liefmann, 9 March 1920, MWG II/10.2, pp. 946–47.

history, we might note that he had no such hesitation during the previous summer in lecturing on “his sociology.” During the autumn of 1919, he had moved on to draft chapter 2 of *Wirtschaft und Gesellschaft*, “basic sociological categories of economic action”; this drew on his studies of economic history, but having to lecture on economic history was a diversion from his contemporary interest in developing a sociological account of economic action—whence the distance between the lectures on “outlines of a universal social and economic history” and the substance of chapter 2, notwithstanding their clear affinity.

We can push this idea further and consider what the relation is between the draft material that Marianne Weber added on to *WuG I* and this newly emergent “sociology.” When Weber refers in chapters 2 and 3 to elaborations that were eventually never drafted, he is for the most part referring to elements of his “special sociologies.” “Economy” and “society” are indeed the central elements—to this extent perhaps Hayek was right in seeing chapters 1 and 2 as the core exposition, and Parsons wrong in arguing for the addition of chapter 3 and the fragment of chapter 4. In his last lecture course, Weber described the sociological concept of law as follows:

[Regarding the law], for the sociologist the question is: How great is the chance that it will count for something, that one will orient oneself to it? Contradictory norms are something that the sociologist can understand, but not the lawyer! The sociological concept of law is that there are in people's heads (judges, legal staff, the public) conceptions of orders to which people orient themselves because they regard these orders as legitimate.¹⁷⁷

And so this “sociological concept of law” derives from the conceptual apparatus that he had drafted for *WuG I*, chapter 1 during the summer of 1919: it is a “special sociology,” the *application* of “his sociology.”

In this light, it could be said that the earlier drafts added to *WuG I* are so much material out of which Weber distilled his “sociology,” and that we can see in the increasingly fragmentary narrative of chapter 3 Weber's struggle to determine the boundaries of “his sociology.” The problem was that there was potentially no limit to these “special sociologies,” studies that Weber had been

¹⁷⁷ MWG III/7, p. 68.

conducting from the early 1890s on such topics as Roman agrarian relations, the sociology of labour migration, the relation of commodity markets to the institutions that determine the prices prevailing in these markets, the increasing interest in religions as belief systems shaping human conduct, the psychophysics of labour, the sociology of the press, and so forth—this was all material out of which he could distil “his sociology,” but they are not that sociology itself. And in this respect, the subtitle title given to *Wirtschaft und Gesellschaft, Teil I* by the MWG editors—*Soziologie. Unvollendet 1919–1920*—is both right and wrong. This is Weber's sociology, but it is not that incomplete. Rather, Weber had not yet come to that conclusion when he died; *WuG I* is incomplete only in the sense that Weber had not fully worked through the implications of what he had achieved; hence, the references to elaborations that were never written and the degeneration of later sections of the text into lists.

Max Weber had completed his academic training in law and would have formally qualified as a lawyer if he had gone on, as once planned, to serve out his practice as legal counsel to the Bremen Chamber of Commerce, a post for which he applied in 1890. In Berlin, he had already acted as an unpaid court official, but this path shifted first into the teaching of law (in Berlin), and then on to the teaching of political economy (in Freiburg). During the first half of the 1890s, he was deeply engaged with two central aspects of contemporary economic policy: the social and political aspects of rural labour migration, and then from around 1894 with the role of stock and commodity exchanges in domestic markets. Building on this, in 1894 he accepted a position teaching economics and finance at the University of Freiburg, where he also gave courses on agrarian policy.

Set against this bald outline, the formation of those who in the early 1900s represented German sociology was entirely different, if indeed we can talk of anything like a coherent “German sociology” at this time.¹⁷⁸ Georg Simmel was six years older than Weber; from 1876, he studied history, psychology, and philosophy in Berlin, and in 1880 submitted a dissertation composed of “psychological and ethnographic studies” on the origins of music. This was rejected,

¹⁷⁸ In fact, the first dedicated chair for sociology in Germany was not founded until 1925, for Hans Freyer at Leipzig. For a discussion of interwar German sociology, see my introduction to Wilhelm Hennis, *Max Weber: Essays in Reconstruction* (London: George Allen and Unwin, 1988), p. 3.

and he then submitted another in 1881, on Kant's monadology, which was successful and he was awarded a faculty prize. His Habilitation followed in 1884, dealing with Kant's conceptions of space and time; he passed the oral examination on the second attempt in 1885. From 1885, he lectured as a *Privatdozent*, and as an unpaid adjunct professor from 1900, his teaching ranging over topics such as aesthetics, philosophy, and sociology. He also played an active part in the cultural life of the capital, becoming a popular public lecturer. In 1908, he published a book entitled *Sociology*,¹⁷⁹ which was a collection of previously published essays that formed, as the subtitle indicated, "studies of forms of sociation" rather than any systematic treatise. He described sociology's relationship to existing disciplines as an auxiliary one, that is, a "new *method*" and new approach to the phenomena dealt with in these other domains.¹⁸⁰ But these phenomena were the very "collective concepts" that Weber strenuously rejected, and Simmel's vision was of a sociology that comprehended the totality of these phenomena, as a doctrine focussed on the "social being of humanity."¹⁸¹ Simmel's entire intellectual formation differed from that of Weber, while Weber explicitly rejected the conception of sociology that Simmel advanced.

Although he did not publish a book like Simmel's, we could also consider here Franz Oppenheimer, who was appointed in 1919 to the chair of Theoretical Economics and Sociology at Frankfurt am Main. Originally studying medicine in Freiburg from 1881 to 1885, it was while practising as a doctor in Berlin that Oppenheimer became interested in social problems and began the study of economics. He was awarded a doctorate in economics from Kiel in 1908, and in 1909 completed his Habilitation in Berlin with the support of Gustav Schmoller and Adolph Wagner, then working during the World War I in the War Ministry. Here again, not only was his training and experience quite different from that of Weber, his conception of sociology as a social philosophy of humankind was one that Weber explicitly rejected, but his *Theorie der reinen und politischen Ökonomie* (1910) contained discussion of economic sociology and social economics to which I will return below.

¹⁷⁹ Georg Simmel, *Soziologie. Untersuchungen über die Formen der Vergesellschaftung* (Leipzig: Duncker und Humblot, 1908).

¹⁸⁰ Simmel, *Soziologie*, quoting from the Simmel Gesamtausgabe, Bd. 11 (Frankfurt a.M.: Suhrkamp Verlag, 1992), p. 15.

¹⁸¹ Of the "Gesellschaft-Sein der Menschheit," p. 25; for the statement on totality, see p. 22.

Lastly, Ferdinand Tönnies pursued a broad range of studies at four universities and eventually received his doctorate from Tübingen in 1877 for a dissertation on Hellenic philology. The following year, he travelled to England and began studying some neglected manuscripts by Thomas Hobbes, eventually publishing in 1889 editions of *The Elements of Law Natural and Politic* and *Behemoth*.¹⁸² This was after the first edition of *Gemeinschaft und Gesellschaft* had appeared in 1887 with the subtitle *Treatise on Communism and Socialism as Empirical Cultural Forms*.¹⁸³ In 1912, a second edition was published that changed the subtitle to *Basic Concepts of Pure Sociology*, but in which the text itself remained unaltered, and so this version is perhaps better described as a second printing rather than as a second edition. The preface to this edition stated that when originally published, the book had been intended for philosophers' eyes, but that philosophers had generally neglected it. Now writing in 1912, Tönnies noted that despite a growing interest in issues of social development, sociology still lacked any place within the German university.¹⁸⁴

This exclusion is caused not by any aversion to the name, for this name is increasingly used by philosophers. Rather, it is a diffidence with regard to the subject matter—philosophy, especially the dominant academic philosophy, senses that it is unprepared for a fundamental and radical treatment of these problems.¹⁸⁵

In this new preface, Tönnies reviewed the limited way scholarly endeavours had, in the course of the nineteenth century, responded to the social and

¹⁸² It was this connection to Hobbes that lends us a clue to the sense of his usage of *Gemeinschaft* and *Gesellschaft*: here he drew on Hobbes's use of "concord" and "union." See Istvan Hont, *Politics in Commercial Society. Jean-Jacques Rousseau and Adam Smith* (Cambridge, MA: Harvard University Press, 2015), p. 5.

¹⁸³ *Abhandlung des Communismus und des Socialismus als empirischer Culturformen*. See Harris, introduction to Ferdinand Tönnies, *Community and Civil Society*, pp. xiv–xv, for an account of the publishing history of *Gemeinschaft und Gesellschaft* and its relationship to Tönnies's work on Hobbes.

¹⁸⁴ Historically, of the four faculties Theology, Medicine, Law, and Philosophy, the first three were vocationally oriented, and the fourth provided for nonvocational "general studies." While this casts an interesting light on "German philosophy," it also strengthens Tönnies's complaint that *even in the least vocational part* of the German university, there was no room for sociology.

¹⁸⁵ Tönnies, "Vorrede zur zweiten Auflage," in *Gemeinschaft und Gesellschaft*, p. xxv.

political challenges that had developed; naturally enough, he neglected the extensive empirical response to the “social question” with which Weber himself had been involved in the 1890s. It is also worth noting in this context that Weber joined the newly formed German Sociological Society in 1909 because he saw it as a vehicle for empirical research, but he promptly left it once he realised that there was little commitment to this among its membership.¹⁸⁶ Both Weber and Tönnies rejected the rather loose and undefined label “sociology” in contemporary writing, but Weber’s response was very different from that of Tönnies: the *GdS* offered the opportunity of reviewing the contemporary phenomena of capitalist development, and his own contribution to this was a sociological framework that would advance empirically based social, economic, and political analysis, rather than social philosophy and cultural criticism.

And so, although Weber did refer to “his sociology” from 1913 onwards, and in opening chapter 1 he did refer to contemporaries who wrote sociological works, what “his” sociology might be is only captured in any systematic way by what he wrote down from the summer of 1919 to the late spring of 1920. This can be confirmed by even cursory comparison with the various key texts of his “methodological” writings. For example, the 1904 “Objectivity” essay outlined the tasks and limits of the social sciences in confronting contemporary issues, but it does not seek to provide any guidance on exactly how those social sciences should proceed. The 1913 essay on value freedom discusses the relation of value-laden knowledge to scientific knowledge, but lays down no fixed procedure for the conduct of the latter. The three chapters written in 1919–1920 do, on the other hand, offer a basic template, and so represent a new departure for Weber.

Rather than seek clues to the nature of his “sociology” in what Weber had written earlier, before he started referring to “his” sociology, we might also consider the term that Weber selected for the *Grundriss*—“social economics.” Why did he think in 1909 that this might be the most fitting title for the hand-

¹⁸⁶ “Weber did not participate in the foundation of the German Sociological Society with a view to the establishment of a new academic discipline, but rather to establish a forum which would permit the planning and execution of ‘sociological’ investigations consistent with his own interests.” Wilhelm Hennis, “The Media as a Cultural Problem: Max Weber’s Sociology of the Press,” *History of the Human Sciences* 11 (1998): 107.

book that he had agreed to put together? At that time, this was not a term that was widely in circulation; even today, if the internet is searched on the specific term *Sozialökonomik*, the only contemporary usage you find is related to the *GdS*. Heinrich Dietzel had in 1895 published *Theoretische Sozialökonomik* as part of Adolph Wagner's reference work *Lehr- und Handbuch der politischen Oekonomie*, and it was Dietzel whom Weber had considered in 1909 as a possible alternative to Wieser for the principal *GdS* contribution on economic theory. Although Dietzel insisted throughout his book that *Sozialökonomik* was the most appropriate designation for modern economic theory, he never actually explained why, and the usage never caught on.¹⁸⁷ Heino Heinrich Nau suggests that Dietzel first adopted the term as a way of avoiding any suggestion that there were "national" varieties of what should be a rational, abstract science, hence as a way of avoiding employing the term *Nationalökonomie*.¹⁸⁸ Nau's discussion of Dietzel's usage emphasises this abstract character of the term, an emphasis that rather stands against Weber's adoption of *Sozialökonomik* for the *GdS*, since this was anything but an abstract exposition of economic principles as a whole.

Another instance of the term postdates Weber's initial interest but is of some significance in confirming Dietzel's usage. Franz Oppenheimer's 1910 treatise, *Theorie der reinen und politischen Ökonomie*, was organised into four books: "Grundlegung der Ökonomik"; "Ökonomische Soziologie. Die Wirtschaftsgesellschaft"; "Sozialökonomik. Die Gesellschaftswirtschaft"; and "Kritik der klassischen Distributionstheorie."¹⁸⁹ Besides this movement from an "economic society" to a "social economy," Oppenheimer here employs *Sozialökonomik* in a manner similar to that of Dietzel: to denote an abstract, deductive science that contrasts with the inductive approach of an economic sociology and is independent of time and space.¹⁹⁰ From this, we might draw

¹⁸⁷ See Heinrich Dietzel, *Theoretische Sozialökonomik* (Lepizig: C. F. Winter'sche Buchhandlung, 1895), chapter 2.

¹⁸⁸ Heino Heinrich Nau, *Eine "Wissenschaft vom Menschen". Max Weber und die Begründung der Sozialökonomik in der deutschsprachigen Ökonomie 1871 bis 1914* (Berlin: Duncker und Humblot, 1997), p. 200.

¹⁸⁹ "Foundations of Economics," "Economic Sociology. The Economic Society," "Social Economics. The Societal Economy," and "Critique of the Classical Theory of Distribution".

¹⁹⁰ Franz Oppenheimer, *Theorie der reinen und politischen Ökonomie. Ein Lehr- und Lesebuch für Studierende und Gebildete* (Berlin: Georg Reimer, 1910), pp. 61, 74.

the conclusion that here, yet again, Weber picked up a contemporary term and used it in a different sense—not as an abstract term, but as an all-embracing name for modern economic organisation that was lexically distinct from the current German terminology—“the economy of peoples,” “national economics,” and “political economy.” The meaning of *Sozialökonomik* for Weber therefore lies in the use he made of it, and if he could detach the term from its contemporary moorings in this way, then why not “sociology,” too?

If we accept that the meaning of a term lies in the use made of it, we should therefore direct our attention to what Weber does in the text of *WuG I*. Typically, commentators' attention has focussed on the early parts of chapter 1 that address methodological and epistemological issues: What is social action and how might we understand what the meaning of action is? As noted above, it was this section 1 of chapter 1 that Alexander von Schelting and Edward Shils chose to translate in the mid-1930s, indicating their belief that this represented the key statement of Weber's sociology. Although their translation was never published,¹⁹¹ academic sociologists in the latter half of the twentieth century treated as uncontroversial this general idea that sociological theory was grounded on a specific methodology, and that therefore methodological discussion was a legitimate way of understanding and advancing social theory. Even though Weber loathed “methodology” and strenuously denounced this position, the creation of a sociological canon around the work of Marx, Weber, and Durkheim led to Weber's specific approach being regarded as “interpretive” as opposed to Marx's historical and materialist analysis, or Durkheim's emphasis on collective representations. When Johannes Winckelmann published his fourth edition of *Wirtschaft und Gesellschaft* in 1956 he gave it a new subtitle, *Grundriß der verstehenden Soziologie*, and in 1968 Roth and Wittich simply adopted this invention for their English edition. More recently, Wolfgang Schluchter has created an overview of Weber's “late sociology,” treating this as an interpretive sociology that contrasts with an “earlier” sociology, foremost of course the two essays on the Protestant Ethic from 1904/1905.¹⁹² Correspondingly, this “late sociology” is treated as issuing from Weber's “mature work,” as contrasted with the less systematic “early work.”

¹⁹¹ A copy of the typescript from the Parsons Papers in Harvard University Archives was consulted while working on this translation.

¹⁹² Schluchter, *Max Webers späte Soziologie*, pp. 267ff.

Weber's route to "his sociology" took a different path, however. Central to the Protestant Ethic essays is the idea of *Lebensführung*, or "life conduct"—a centrality to which Wilhelm Hennis drew attention in his first major essay on Weber,¹⁹³ and which was linked by Weber to the "orders and powers" within which men and women led their lives. The point was to understand how this interaction played out in different historical constellations, and for the sake of consistency, it was also necessary to articulate how the motivation and meaning of action for individuals could be accessible to investigation and understood as social processes. The first chapter of *WuG I* presents a systematic argument that the motivation of individual action can inform an understanding of social processes and social orders that transcends the intentions of those who are engaged in them. This is the purpose of the first "methodical" section of chapter 1, and no more than that. As the first sentence of the definition of "sociology" in chapter 1, §1, states, this seeks causal explanation of the course and effects of social action by means of the understanding of (individual) social action. Construing the meaning of social action is not the sociology itself; it is the starting point, the means for the development of a sociology that requires other principles and concepts to construct causal explanations. Once this possibility is established, Weber is able to lay out his "basic sociological concepts," and, importantly, move on this basis into an analysis in chapter 2 of the "sociological categories of economic action."

By comparison with the routine association of Weber with an interpretive sociology, relatively little attention has been paid to the "basic sociological concepts" that follow on from the methodological preamble to chapter 1. We should also note that much of Weber's language is processual, emphasising the flow of events, and the formation of orders from actions. Contingency plays a major role, visible in his relentless use of *Chance* to denote opportunities, probabilities, and risks, doubled by the figure of "orientation"—agents are always (more or less) "oriented" to particular actions, so that any judgement of actual outcomes is relatively indeterminate and context dependent. Agents assess and estimate their prospects, and are engaged in processes that place them in constellations of forces that shape the opportunities open to them. While Weber insisted that social action was always individual action,

¹⁹³ See Wilhelm Hennis, "Max Weber's 'Central Question,'" in his *Max Weber's Central Question*, 2nd ed. (Newbury, U.K.: Threshold Press, 2000), pp. 3–51.

as he wrote to Liefmann, there was besides the issue of understanding subjective meaning also the “objective” aspect: the organisational structures that framed action and that created the “chance that action oriented to these ideas will follow.”¹⁹⁴

For Weber, the modern world is fragmented and “disenchanted” in the sense that no unitary order can explain everything. Faith in the rational organisation of the world means that individuals rely on the knowledge of others to make the most mundane things happen. As he states in “Science as a Vocation,” we travel on trams without the faintest idea of how they work, nor do we need to know.

Thus, increasing intellectualisation and rationalisation does *not* mean an increasing general knowledge of the conditions in which we live. It means instead something else: the knowledge, or the belief, that *if one only wanted*, one *could* establish what these conditions are—that there are, in principle, no enigmatic and unpredictable forces that are here at work, but rather that all things—in principle—can be *controlled through calculation*.¹⁹⁵

Religious belief had once provided a way of making sense of one's position in the world, of opportunities presented and lost. The modern world lacked such coherence; it was fragmented beyond the grasp of any one unitary vision capable of providing guidance across diverse domains. To find their way in this disordered and fragmented world, individuals had to internalise and adhere to particular sets of procedures applicable to specific social, economic, and political constellations. Weber's analysis of bureaucratic orders reflects this, but much of the commentary, in associating this with his conception of rationality, has overlooked this purely regional, procedural perspective in favour of a more generalising and universalistic understanding. Weber's point about modern organisations was not, however, that the inescapable outcome of rationalisation was bureaucratization; rather, that organisations all developed (diverse) technologies of conduct that had to be inculcated in their “staff” and enforced among their constituencies. This reads at times like a managerial perspective on social processes, so that later passages of chapter 3 carry strong echoes of “social administration,” or what we might call “social management.” And

¹⁹⁴ Max Weber to Robert Liefmann, 9 March 1920, MWG II/10.2, p. 947.

¹⁹⁵ Max Weber, “Wissenschaft als Beruf,” MWG I/17, pp. 86–87.

“administration” is indeed a central concept for Weber—for social, economic, and political orders.

As I point out in the Translation Appendix, the idea of a social group beyond the individual is first described in chapter 1 as a *Kreis*, or *Gruppe(n)*. But from chapter 1, §10.1.d), *Verband* displaces *Kreis* or *Gruppe* as a generic term for a social group, although at this point *Verband* has not yet been defined. Once the term has been formally defined in chapter 1, §12, it is then used exclusively as the basic designation of social organisation, being compounded in different ways to reflect the varied contexts of social organisation. Once the idea of a *Verband* has been introduced, it quickly becomes apparent that every *Verband* has two properties: it is directed by someone, and usually there is a “staff” that manages the execution of the instructions given. To make this work, the director needs the adherence of the staff, and the staff need the acquiescence or active cooperation of those whose activities they administer. Social organisation becomes a work of social administration. And so, chapter 1 lines these key concepts up: *Verband*, *Stab*, *Verwaltung*, and *Legitimität*,¹⁹⁶ with *Herrschaft* serving as the glue that keeps social, economic, and political organisation together. Once *Herrschaft* is defined in chapter 1, §16, it becomes the defining feature of all organisation.

Coupled with this, Weber's central categories—*Chance*, *Verband*, *Evidenz*, *Herrschaft*, *Legitimität*, *Appropriation*—are substantially *neutral*. His sociology is built around empty categories that can then be developed systematically in combinations as “his casuistry.” The great virtue of this basic approach is that it allows him to define the state simply as a *Verband* whose special function is to monopolise the means of violence / force / compulsion, but which can only exist through the force of legitimation. So here three categories are placed together—*Verband*—*Staat*—*Legitimität*. Consistent application of this approach is very demanding, and only chapter 1 demonstrates entirely successfully how it might work. Chapter 2 demonstrates this feature in the negative: beginning with the same kind of consistency as chapter 1, there is a consistent adherence to the basic terminology, but the exposition gradually runs out of control and the definitional paragraphs become longer and longer, with relatively perfunctory elaboration.

¹⁹⁶ “Organisation,” “staff,” “administration,” and “legitimacy.”

Ironically, in chapter 2 the structure of the text begins to run away with Weber when he introduces the concept of the “division of labour”—what he himself, unhelpfully, refers to as the “distribution of activity” (*Leistungsverteilung*).¹⁹⁷ His account begins clearly enough with §15, where the move is made from generic economic activity to the way this is combined and separated. §16 deals with the consequences of this distinction, but §17 simply continues on from §16 without presenting any new stage in the argument; it elaborates §16.B, the impact of means of production (i.e., *Beschaffungsmittel*—another unhelpful idiosyncrasy) on the division of labour, complementing §16.A, which involves the combination and separation of activity/work.¹⁹⁸ So why is this not one paragraph, including A and B? Then §18 introduces the “social” form of division of labour, with §19 then simply continuing on from §18. Coupled with this, the casuistry now really begins to become intrusive. §20 is *Appropriation* (i.e., allocation) of the means of production complementary to labour, §21 *Appropriation der disponierenden Leistung*, that is, the allocation of management functions, a very brief definition (half a page) with no elaboration; indeed, Weber remarks that none is necessary. Then the definition for §22 runs over three pages without any elaboration; §24 turns to *Beruf*, and significantly Weber then runs on with §24a—as noted above, this should have been §25 but was misnumbered, and so instead of renumbering up to §41 the decision was taken in 1921 to add an “a” to the repeated numbering of “24.”

It also becomes evident in the course of chapter 2 how much emphasis Weber places on “management” (*Leitung*). Indeed, it could be suggested that Weber’s sociology presents an analysis of society and modernity directed to

¹⁹⁷ See the discussion of *Leistungsverteilung* in the “Preliminary Remarks” to the Translation Appendix.

¹⁹⁸ We can note here that Weber’s use of *Verteilung* here is also idiosyncratic. Normally, the word is translated as “distribution,” but *Verteilung* is a word formed around the root noun *Teil*—“part”—so by prefixing this with “Ver-,” the usage suggests not so much that “distribution” is a given outcome, where we are directed to the *place* where the parts end up, but instead to the *process of separating something into parts*. Stated in this way, his usage does make sense, but the cost here is very great, because the specialised nature of the vocabulary begins to overwhelm the exposition. When Weber turns to the work of Knapp, who in his analysis of money created a whole new vocabulary most of which failed to gain acceptance, the real limits of coining neologisms become apparent. What seems to happen here is that Weber sought to develop a specialised vocabulary, but unfortunately failed to properly explain what was implied by this usage—the kind of fault we more commonly find in Knapp or Liefmann or Gottl.

the management of social situations and processes, that is, the elements of a managerial theory of society that has been obscured by its association with the (certainly related) Weberian “theory” of bureaucracy. Here again, the focus has always been on the structure and not the process—the ongoing dynamics of managing social orders, that all social action is oriented to social organisations that provide them with opportunities that shape the way individuals lead their lives.

This is how Max Weber conceived “his sociology” in the very last years of his life. Nonetheless, this was itself continuous with what he had written many years before. The essay on “objectivity,” written in 1904 for the first issue of the *Archiv*, concludes with an early statement of the essentially unfinished nature of work in the “cultural sciences”:

All work in the cultural sciences in an age of specialisation, once oriented towards particular material by a particular way of posing a problem and having created its methodological principles, will treat the analysis of this material as an end in itself. It will no longer consciously assess the value of individual facts in terms of their ultimate evaluative ideas, and will lose its consciousness of being ultimately rooted in these evaluative ideas altogether. And that is a good thing. But at some point, things change: the meaning of perspectives simply accepted without further reflection becomes uncertain, the path becomes lost in the twilight. The torch of cultural problems has moved onwards. Then even science and scholarship prepare to shift their ground and conceptual apparatus, so that they might gain renewed perspective on the current of everyday events in the detachment of reflection. They follow those stars that are alone able to give meaning and direction to their labour:

A new impulse awakes,
I hurry forth to drink its eternal light,
Before me the day, behind me the night,
Heaven above, beneath me the waves.

—Goethe, *Faust*, part I, scene 2¹⁹⁹

¹⁹⁹ Max Weber, “Die Objektivität sozialwissenschaftlicher und sozialpolitischer Erkenntnis,” in *Gesammelte Aufsätze zur Wissenschaftslehre*, 5th ed. (Tübingen: J. C. B. Mohr [Paul Siebeck], 1982), p. 214.

What marks out “Weber’s sociology” is his attempt to build basic concepts that could endure as analytical tools, that would escape this inevitable process of renewal. These tools are presented to us in the first three chapters of *WuG I*; we have here enough material to understand what the nature of “his sociology” is.

Introduction to the Publication History

The Max Weber Gesamtausgabe²⁰⁰ first began publication in 1984, and when it is finally completed the task will have taken almost forty years.²⁰¹ The publisher, Mohr-Siebeck, was Max Weber’s principal publisher, initially of the *Archiv für Sozialwissenschaft und Sozialpolitik*, the journal that Weber, along with Werner Sombart and Edgar Jaffé, began to edit in 1904, and then through this connection, of the *Grundriss der Sozialökonomik* for which Weber was editor in all but name from 1908. *Wirtschaft und Gesellschaft* was initially published in 1922 as a book that was part of the *Grundriss*, but then took on a life of its own. The listing below provides the reader with a way of identifying the different versions of the text discussed in the commentary on Weber’s writings.

The Gesamtausgabe is divided into three sections: section I being published writings (24 volumes); section II, correspondence (10 volumes); and section III, academic lecture notes (7 volumes). The first instalment of *Wirtschaft und Gesellschaft* published in February 1921 is included in MWG, section I, as MWG I/23 since it was part of the volume published as a large book in 1922; but as outlined in the introduction above, this single book was in fact a composite text based on galleys dating from 1919 to 1920 that Weber had corrected and older manuscripts on which he had not directly worked since 1913. None of Weber’s own manuscript material for any of this work has survived, only some portions of the corrected galleys for the first instalment. Besides the opportunity for editorial review that these surviving galleys provide, all versions of *Economy and Society*, in whatever language, derive from the German printed editions: the instalments of 1921 / 1922 and the complete book of 1922.

²⁰⁰ Referred to throughout simply as “MWG”—a convenient shorthand in German since it is pronounced “em-vay-gay”.

²⁰¹ For an account of the genesis of this project, see my “Max Weber: The Works,” *Economy and Society* 41 (2012): 282–98.

Using Max and Marianne's correspondence with the publisher, it has been possible for the editors to at least estimate dates for the various materials assembled in the 1922 text, and on this basis the MWG editors made a radical, and justifiable, decision: they broke the text of the 1922 book in two, publishing the printed version of the older draft manuscripts as MWG I/22 (in five separate parts), and publishing the section that Weber had drafted and corrected in the months before his death as MWG I/23.²⁰² A clear distinction was thereby made between what Weber had written in the months before his death and manuscripts found in his study after his death, on which he had not worked for many years. A further editorial volume, MWG I/24, was added, detailing the genesis of the text.

As I have emphasised above, the differing provenance of these two components of the 1922 book—the draft manuscripts dating from the period up to and including 1913, and the new chapters developed from some of this material in 1919–1920, implies that they support different kinds of interpretation. What became the first instalment was written up in just under a year by Max Weber as a continuous argument that ends with the fragment of chapter 4 because he then became ill and died. This continuous argument can be read out of the structure, sequence, lexical usage, material employed, emphasis, and repetition in the three complete chapters. But the remainder of the book is based on diffuse material that follows no particular plan and is substantively interesting in its own right, but is probably no longer part of the book as Weber envisaged it in 1920. And this is not an argument based on authorial intention and the notion that we cannot impute any clear unifying “intention” to these draft manuscripts; even a partly finished “book,” as the first instalment actually is, has to be read differently from earlier notes and drafts associated with it. Those materials are evidence for, and support, different kinds of interpretation and argument.

Editions and Translations

Wirtschaft und Gesellschaft. I Die Wirtschaft und die gesellschaftlichen Ordnungen und Mächte. Erster Teil (Grundriss der Sozialökonomik. III Abteilung). Tübingen: J. C. B. Mohr (Paul Siebeck), February 1921. Pp. 1–180. [Erste Lieferung]

²⁰² MWG I/23 is based on the first 1921 instalment; this translation is based on the corresponding section of the 1922 book. In practice, this makes little or no difference, but the point needs to be made to prevent adding to an already confusing state of affairs.

Grundriss der Sozialökonomik. III Abteilung. Wirtschaft und Gesellschaft. Bearbeitet von Max Weber. Tübingen: J. C. B. Mohr (Paul Siebeck), 1922.

Wirtschaft und Gesellschaft. 2nd ed., corrected, in two half volumes and including as an appendix the "Die rationalen und soziologischen Grundlagen der Musik." Tübingen: C. B. Mohr (Paul Siebeck), 1925.

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OVERVIEW OF CHAPTER ONE

THE FOLLOWING CHAPTER is based on the 1913 essay on “sociological categories,”¹ the arguments of which were subsequently elaborated in two lecture courses—in Vienna in 1918, and then in Munich in 1919. The formal lecture presentations clearly had a major influence on the rigorously didactic formulation of the basic concepts of Weber’s sociology, most obviously in the way the exposition is arranged as seventeen cumulatively definitional paragraphs. These begin by stating that sociology is a science concerned with the causal explanation of social action and conclude with a definition of the state in terms of the monopoly of legitimate physical force. The chapter thus begins with the action of individuals and builds from there to a characterisation of the state in abstract terms, apparently a movement from individual agency to institutional structure. To fully appreciate how Weber achieves this movement in a rigorously logical way, Appendix B presents these definitional paragraphs without the intervening exposition. Here my purpose is to outline how Weber relates these two quite distinct analytical levels, so that a reader can gain some sense of how the chapter’s argument progresses.

As already outlined in the Introduction, Weber referred to the chapters he was writing in 1919–1920 as “my sociology,” but he left little in the way of explanation for how “his” sociology differed from that of his contemporaries. He did emphasise his opposition to the idea that sociology should be oriented

¹ Translated as “Some Categories of Interpretive Sociology,” *Sociological Quarterly* 22, no. 2 (1981): 151–80. All footnotes in the following translation are editorial additions, and incorporate full details of abbreviated references that Weber occasionally inserted into the body of the text. Parenthetical comments made by Weber in the text are moved to footnotes and identified with Weber’s initials.

to collectivities—for him, individual action and its meaning had to be the basis of any social analysis, providing a concrete empirical foundation in the observable activities of men and women. This human empirical basis for all social analysis implied the situational contingency of action and events, while rejecting the teleology of class analysis, that is, the idea that a sociology of class relationships was the only relevant way the power relationships of modern societies could be understood. Since in this chapter he does in fact move from the action of individuals to the institutional exercise of power, it is important to understand how he does this in a consistent and logical manner.

The chapter can be divided into three broad sections. The exposition that follows the initial definition in §1 extends over more than one third of the chapter, and is divided into two sections: “methodical foundations,” which establish the regularities of action, the possibility of meaningful interpretation of action, and the focus of sociology on typologies of action; and a brief treatment of “the concept of social action,” specifying exactly what is to be treated as “social” action. As such, this is a preamble for the remainder of the book. These points are never reiterated in the succeeding pages; they form presuppositions for Weber’s sociology, they are not “his sociology” itself.

§§2–4 then address the different kinds of rationality that motivate social action, the contingencies and regularities of social relationships, turning in §5 to the orientation of an actor to what Weber calls a “legitimate order,” that is, a convention enforced by social disapproval or by the coercive force of law. In this latter case, Weber introduces for the first time a reference to a “staff,” in this case persons whose task is to enforce conformity. Rather than explore the implications of this directly, however, Weber turns first to the issue of legitimacy and why actors treat orders as legitimate. In §9, he then turns to the distinction between the affective and rational bases of social relationships, and in §11, h to the degree of solidarity in social relationships.

This opens the way to the final section, the concept of an “organisation” (*Verband*) being introduced in §12 for the first time as a social entity that “organises” social action and social relationships. This represents a major shift away from a focus on individual action to the structures that condense and perpetuate contingent actions into enduring social processes. Note that at no stage has Weber introduced the idea of “society”—sociology is the causal explanation of social action and not a “science of society.” Actions are marshalled by organisations typically with a director, who is possibly assisted by a staff of

persons charged with the administration of the organisation. The nature of such organisations can be quite varied, and they can be of any scale. What is important, however, is that social action condenses in organisational forms that are more, or less, autonomous; more, or less, coercive. §§14 and 15 deal with the degree of purposive continuity in the conduct of the organisation; §16 introduces the idea of power as the chance that directions given by the director of an organisation will be obeyed; and so with §17 we arrive at the conception of a “state” as an organisation with a director and a staff dedicated to the business of rule in a particular geographical area. Linking back to §5, what the state monopolises is “legitimate physical force in the execution of its orders”—and politics is described as “the appropriation, expropriation, redistribution or allocation of the powers of government.”

Weber is interested in the regularity and perpetuation of social action, and constructs this framework as one that can comprehend any scale or type of social relationship. He works extremely systematically with a core of basic concepts—action, “chance,” orientation, organisation, rule, administration, staff, institution, legitimation. His sociology starts from individual action, classifies the type of rationality that it represents, argues for the possibility of understanding rational conduct, and then adds to this epistemological prologue the concepts and categories that can be used to analyse social, economic, and political forms. This framework is carried over to the second chapter, which shows how economic action is necessarily social and so subject to the same constraints outlined in the first chapter, and then in the third chapter the practice of rule is set into a typology. As he states in §4, “sociology is concerned with typologies of such modes of action,” and so Chapter 3 relates in this way to Chapter 1. Here we can see how these chapters drafted in the months before Weber’s death can be distinguished from the earlier drafts: what we have here are the analytical components that make these other “special sociologies” possible.

Basic Sociological Concepts

Preamble: No claim of novelty is in any way made for the method employed in these introductory conceptual definitions. It is hard to avoid beginning in this way, despite the inevitably abstract character of these definitions, and their apparent disengagement from reality. Nonetheless, the method adopted aspires only to formulate—using, I hope, a more suitable and somewhat more accurate form of expression—what every empirical sociology really means when it speaks of the same things. While the approach might perhaps seem pedantic, this pursuit of precision also applies where apparently unfamiliar or new expressions are employed. The terminology has been simplified as far as possible by comparison with my essay in *Logos* IV,¹ and has therefore been altered in many respects to make it as easy to understand as possible. All the same, the need for unconditional popularisation could not always be reconciled with the need for the greatest possible conceptual precision, and in such cases the former has had to give way to the latter.

On “understanding,” see Karl Jaspers’s *Allgemeine Psychopathologie* (and some remarks by Heinrich Rickert in the second edition of his *Grenzen der naturwissenschaftlichen Begriffsbildung*, and also by Georg Simmel in his *Probleme der Geschichtsphilosophie*).² As to method, I refer the reader here, as I have

¹ “Ueber einige Kategorien der verstehenden Soziologie,” *Logos* 4 (1913): 253–94; *Gesammelte Aufsätze zur Wissenschaftslehre*, 5th ed. (Tübingen: J. C. B. Mohr [Paul Siebeck], 1982; henceforth WL), pp. 427–74.

² Karl Jaspers, *Allgemeine Psychopathologie. Ein Leitfaden für Studierende, Ärzte und Psychologen* (Berlin: J. Springer, 1913); Heinrich Rickert, *Die Grenzen der naturwissenschaftlichen Begriffsbildung. Eine logische Einleitung in die historischen Wissenschaften*, 2nd ed. (Tübingen: J. C. B. Mohr (Paul Siebeck), 1913); Georg Simmel, *Die Probleme der Geschichtsphilosophie. Eine erkenntnistheoretische Studie*, 2nd ed. (Leipzig: Duncker und Humblot, 1905).

often done before, to that followed by Friedrich Gottl in his *Herrschaft des Wortes*³ (certainly not the most well-written and easily understood of texts, and really in places not fully thought through); for the subject-matter, above all Ferdinand Tönnies's fine book, *Gemeinschaft und Gesellschaft*.⁴ See also the very misleading book by R. Stammler, *Wirtschaft und Recht nach der materialistischen Geschichtsauffassung*, together with my critique of it in the *Archiv für Sozialwissenschaft und Sozialpolitik*, vol. 24 (1907),⁵ which contains the foundations of much that follows here. I deviate from the method Simmel adopted in his *Soziologie* and *Philosophie des Geldes*⁶ in that I make as clear as possible a distinction between **intended** and objectively **valid** "meaning,"⁷ a distinction that Simmel not only sometimes fails to make but often deliberately allows to run together.

§1. Sociology, in the meaning understood here of a word often used in quite different senses, shall mean: a science that in construing and understanding social action seeks causal explanation of the course and effects of such action. By "action" is meant human behaviour linked to a subjective **meaning**⁸ on the part of the actor or actors concerned; such action may be either overt, or occur inwardly—whether by positive action, or by refraining from

³ Friedrich von Gottl-Ottlilienfeld, *Die Herrschaft des Wortes. Untersuchungen zur Kritik des nationalökonomischen Denkens* (Jena: Gustav Fischer, 1901).

⁴ Ferdinand Tönnies, *Gemeinschaft und Gesellschaft. Grundbegriffe der reinen Soziologie*, 2nd ed. (Berlin: K. Curtius, 1912).

⁵ Rudolf Stammler, *Wirtschaft und Recht nach der materialistischen Geschichtsauffassung. Eine sozialphilosophische Untersuchung*, 2nd ed. (Leipzig: Veit, 1906); "R. Stämmers 'Ueberwindung' der materialistischen Geschichtsauffassung," in *Archiv für Sozialwissenschaft und Sozialpolitik*, Bd. 24 H. 1 (1907): 94–151; *WL*, pp. 291–359.

⁶ Georg Simmel, *Soziologie. Untersuchungen über die Formen der Vergesellschaftung*, Duncker und Humblot, Leipzig (Leipzig: Duncker und Humblot, 1908); *Philosophie des Geldes* (Leipzig: Duncker und Humblot, 1900).

⁷ *Sinn. WuG*, p. 1.

⁸ Here *subjektiver Sinn*. Parsons (*TSEO*, pp. 88–9n3) discusses the translation of *Sinn* and adjectival derivatives, indicating that he consistently translates it as "meaning." In fact, he often qualifies this as "subjective meaning," a redundancy in Weber's sense and an addition that can be misleading. *E & S* follows this practice. "Subjective" is only used in this translation where Weber explicitly uses *subjektiv*.

action, or by tolerating a situation. Such behaviour is “social” action where the meaning intended by the actor or actors is related to the behaviour of **others**, and the action is so oriented.

I. Methodic Foundations

1. “Meaning” is here either⁹

- a) the actual meaning that is
 - α) subjectively **intended** by one actor in a historically given instance, or
 - β) subjectively **intended** by several actors in approximating the average of a given number of cases; alternatively it is
- b) in a conceptually constructed **pure** type, the meaning subjectively **intended** by actor or actors **conceived** as a type.

But it is not, for instance, some kind of objectively “correct” meaning, nor any such “real” meaning arrived at metaphysically. Here lies the difference between the empirical sciences of action—of sociology and of history—and those dogmatic sciences, such as jurisprudence, logic, ethics, and aesthetics, that seek the “correct” and “valid” meaning of their objects of study.

2. There is an entirely fluid border separating meaningful action from what is here called merely reactive behaviour, that is, behaviour unrelated to a subjectively intended meaning. A very significant part of all sociologically relevant behaviour, especially purely traditional action (see below), can be found directly on this border. Meaningful action, in other words action that can be understood, is in many cases entirely absent from psychophysical events, or is in other cases only evident to the specialist. Mystical events, which are by definition only incompletely communicable in words, cannot be fully understood by those untouched by such experiences. On the other hand, one’s capacity to replicate action is not a condition of its being understood: “One need not be Caesar to understand Caesar.” The capacity of fully and inwardly “reliving” something (*Nacherlebbarkeit*) is important to clarity (*Evidenz*) of

⁹ Weber’s concatenating lists are usually placed undivided within the body of his paragraphs, but I have opted here and below to open them out so that the reader is able to see more clearly the distinctions he makes.

understanding, but is not an absolute condition for the construal of meaning. The understandable and the nonunderstandable elements of an event are often blended and related to one another.

3. All construal of meaning aspires to a condition of being self-evidently true (*Evidenz*)¹⁰—this is common to all the sciences. This self-evident quality of understanding can be either of a rational character (and as such, either logical or mathematical), or founded on an empathetic reliving—hence, emotional or involving an artistic receptiveness. In the domain of action, that which is rationally evident primarily takes the form of that which can be exhaustively and transparently understood **intellectually**.¹¹ Action that is evident empathetically involves the full inner reliving of an experienced **emotional context**. That which is rationally understandable (defined here as meaning that is, directly and unambiguously, intellectually accessible) is most fully developed with respect to meaningful contexts created by the relation of mathematical or logical propositions. We understand the meaning quite unambiguously when someone, in thought or in argument, employs the proposition $2 \times 2 = 4$, or makes use of Pythagoras's theorem, or completes a chain of reasoning "correctly" (and so to our own way of thinking). We likewise understand if, for given ends, he uses "facts of experience" that we "know" to be valid when selecting those "means" that are, in our own experience, unambiguously appropriate to his action. Any construal of such rationally oriented purposive behaviour possesses—for an understanding of the **means** employed—the greatest possible degree of *Evidenz*. A lesser degree of *Evidenz*, but one quite sufficient for our need of explanation, is used to understand "errors" (including here problems whose elements have become entangled one with another) to which we ourselves might be susceptible, or whose origins can be empathetically realised (*empfindend erlebbar*). On the other hand, we are very often **not** capable of understanding the self-evidence of many of the ultimate "purposes" and "values" to which, in our experience, human action can be oriented. While we might possibly be able to understand them intellectually, the more radical the

¹⁰ *Evidenz*. TSEO (p. 90): "clarity and verifiable accuracy of insight and comprehension". Note 6 on the same page does draw attention to the difficulties of translating the term, Parsons stating that his response is to employ a range of terms that seem fitting to the context. Although "verification" is intelligible with respect to the philosophy of science, it is too strongly suggestive of empirical evidence.

¹¹ *Intellektuell*, that is, not *geistig*.

divergence of such ultimate values from our own, the greater also our difficulty in understanding them by empathetically **reliving them** in imagination.¹² We must, then, as circumstance dictates, be satisfied with construing them **intellectually**; or, failing that, simply accept them as givens, making the best of such intellectual or empathetic appreciation as can be mustered in understanding the course that action motivated by them takes. Among these belong, for example, many acts of religious or charitable virtuosity whose motivating force is inaccessible to those not susceptible to their appeal. Also included here is extreme, rationalistic fanaticism (involving, e.g., “human rights”) whose imperative eludes those who have radically rejected any such mandate. The more we are prey to emotional reactions such as anxiety, anger, ambition, envy, jealousy, love, enthusiasm, pride, vengefulness, piety, dedication, desires of every sort, and their (from the standpoint of purposively rational action) irrational consequences, the greater the degree to which we are capable of reliving them emotionally as self-evident. And even when they far exceed our own capacities in intensity, we are nonetheless able to understand their meaning empathetically, and take account intellectually of the orientation and chosen means of action motivated by them.

For a scientific approach that constructs **types**, all irrational, affectively conditioned, meaningful contexts for behaviour that influence action are best studied and represented as “diversionary elements” with respect to a constructed, purely purposively rational course for such action. For example: explanation of the course taken by a stock exchange panic will first establish what **would** have happened if action had **not** been influenced by irrational emotions, following which these irrational components are introduced as “disturbances.” Similarly, in the case of a political or military action, it would first be established how things **would** have developed if the action had been informed by complete knowledge of circumstances and participants’ intentions, consequently selecting those purposively rational means that in our experience appeared most appropriate. Only after this has been done is it possible to impute causal influence to these conditional irrationalities determining deviations from this construct. The construction of rigorously purposive-rational

¹² “desto schwieriger uns durch die einführende Phantasie **nacherlebend** verständlich zu machen.” *Nacherlebend* is consistently translated here as an inner “reliving,” whereas *Einfühlen* is rendered as “empathy.”

action therefore in these cases furthers the self-evident clarity of a sociology whose lucidity is founded on rationality. In this way, a **type** is presented (“ideal type”) in relation to which real and concrete action, influenced by all manner of irrationalities (affect, mistakes), can be understood as a “deviation” from action directed by purely rational behaviour.

To this extent, and only for the purposes of methodic convenience here, is the method of a sociology of *Verstehen* “rationalistic.” This procedure should not be understood as a reflection of sociology’s rationalistic prejudice, but only as a means, a method. It should not, for instance, be reinterpreted as a belief in the real predominance of the rational in life. It suggests absolutely nothing about the extent to which, in reality, **actual** action might or might not be determined by a rational evaluation of ends. (Which is not to deny that there is a constant danger of misplaced rationalistic construction. Experience, unfortunately, shows this to be all too manifest.)

4. All sciences of action treat events and objects devoid of meaning in terms of the manner in which they stimulate or result from, or foster or inhibit, human action. “Devoid of meaning” is not the same as “lifeless” or “non-human.” Every artefact—for instance, a machine—can only be construed and understood by reference to the meaning that human action of possibly quite diverse kinds has given, or has sought to give, to its production and use; in the absence of such reference, the artefact remains entirely beyond understanding. What is therefore here “understood” is the relation of the artefact to human **action**, as a “means” or as an “end” envisaged by actor or actors, and to which their action is oriented. Understanding of such objects can **only** be effected through these categories. By contrast, without an **intended** meaning all events or circumstances—animate or inanimate, human or nonhuman—remain senseless so long as they **cannot** be related to the “means” and “ends” of action, but merely stimulate, foster, or inhibit such action. Perhaps the flooding of the Dollart in the late thirteenth century¹³ had “historical” significance, prompting a pattern of resettlement that had considerable historical significance. Mortality and the life cycle, from the helplessness of the child to that of the elderly, naturally has preeminent sociological significance on account of the different ways human action has been, and is, oriented to this

¹³ This refers to when the River Ems broke into a low-lying area; MWG I/23, p. 153n15.

existential fact. A different category is represented by unintelligible (*nicht verstehbar*) empirical propositions regarding the experience of physical or psychophysical phenomena (fatigue, habituation, memory, etc.), together with, for instance, euphoric states typical of certain forms of ascetic mortification, or typical differences in the speed, form, and precision of modes of reaction. Ultimately, the substantive issue here is the same as with any other factor that cannot be understood: both the pragmatic actor and the application of understanding take account of them as “data.”

There is the possibility that future research might also find regularities underlying action taken to be **meaningful** that **cannot** be understood, although this has not yet happened. Hereditary biological differences (between “races”), for example, would have to be accepted by sociology as given data if statistically persuasive proof were produced indicating their influence on the form taken by sociologically relevant behaviour—that is, social action in its relation to **meaning**. Such acceptance would be equivalent to that granted to physiological facts such as the nature of nutritional need, or the effect of ageing on action. Recognition of its causal significance would not, of course, alter the tasks of sociology, or of the sciences of action in general, in the slightest; this would remain the construal and understanding of meaningfully oriented action. Sociology would, as it does today, introduce at certain points into its construal and understanding of motivational contexts only those facts that could **not** be understood (e.g., that particular goal-directed action recurs with a typical frequency, or the degree of its typical rationality, using a cephalic index, skin colour, or any other kind of physiologically heritable characteristic).

5. Understanding can mean

- 1) **direct** and **immediate**¹⁴ understanding of the intended meaning of an action, including a verbal utterance. Our “understanding” of the meaning of the proposition $2 \times 2 = 4$ is immediate in this sense, since we hear or read it (the rationally immediate understanding of thoughts). We understand in like fashion a fit of anger manifested

¹⁴ E & S, p. 8n7 (p. 58), follows TSEO (p. 94n12) in stating that *aktuell* is translated as “observational,” a translation that carries with it undesirable baggage, however. *Aktuell* denotes something that is “live,” “here and now,” contemporary, and I have therefore rendered it as “direct and immediate” (since the use of “contemporary” or “immediate” on their own might be ambiguous). My translation otherwise follows Parsons closely here, since his rendering is unusually lucid.

in facial expression, interjections, or irrational movements (the irrationally immediate understanding of affect). Similarly, we understand the behaviour of a woodcutter, or someone who reaches for the handle to close a door, or who aims a gun at an animal (the rationally immediate understanding of actions). But understanding can also mean

- 2) **explanatory** understanding. We “understand” **in terms of a motivation** the meaning that a person who has expressed, or written, the proposition $2 \times 2 = 4$ associated with it, moving him to **do** just this now and in this context, if we see him to be involved in an accounting calculation, a scientific demonstration, a technical computation, or some other kind of action to which in this context the proposition “belongs” in a **sense** that we understand. In other words, it acquires a **contextual** meaning that we understand (rational understanding of motivation). We understand the chopping of wood not only directly but motivationally, if we know that the woodman is working for a wage or is pursuing his own needs, simply taking some exercise (rational), or is possibly working off a fit of anger (irrational). Likewise, we understand the aiming of a gun motivationally if we know that the rifleman is under orders as part of a firing squad, or firing at enemies (rational), or that he is acting out of revenge (affective, and therefore in this sense irrational). Finally, we understand motivationally a fit of anger if we know that jealousy, affronted vanity, or wounded honour underlies it (affectively determined; hence, motivationally irrational.) All of these are understandable **contexts of meaning**, understanding of which we treat as an **explanation** of the actual course taken by action. For a science concerned with the meaning of action, “explanation” amounts to identification of the meaningful **context** to which directly understandable action belongs, corresponding to its subjectively intended meaning.¹⁵ In all of these cases, including affective events, we shall call the subjective meaning of such episodes, together with their context of meaning, their

¹⁵ See the following section for clarification of the causal significance of this “explanation.” [MW]

“intended” meaning. This goes beyond common usage, where “intention” generally refers only to rational and purposively intentional action.

6. In all of these cases, “understanding” means the construal of

- a) what in an individual instance was really intended (viewed historically), or
- b) what was really intended as an approximation or average (as a massed sociological appraisal), or
- c) what is for the **pure** type (ideal type) of a frequently recurring phenomenon the sense or context that must be scientifically (“ideal typically”) constructed.

Ideal typical constructions of this kind are, for instance, those concepts and “laws” developed in pure economic theory. They represent the course that a particular sort of human action **would** follow if its purposive rationality were rigorously formulated, its execution undisturbed by error and affect, and if, moreover, it were quite unambiguously oriented to one (economic) objective.¹⁶ Only in rare cases, such as the stock exchange, does action in reality follow this course, and then only as an approximation to that defined by the ideal type.¹⁷

Of course, any construction (*Deutung*) aspires to self-evidence. But even an obvious construction whose meaning is quite evident cannot, simply by virtue of this self-evidence, immediately claim to be the causally **valid** construction. It is always, intrinsically, an especially self-evident causal **hypothesis**.

a) Often enough, supposed “motives” and “repressed factors” (primarily unacknowledged motives) conceal from the actor himself the real context forming his action, to such a degree that only limited value can be attached to sincere personal expression of an actor’s motivation. In this case, sociology¹⁸ has the task of investigating this context and construing it, **although** this context has not been, or has not usually been, completely fixed in **consciousness**

¹⁶ TSEO (p. 96) and E & S (p. 9) render this last passage “the maximisation of economic advantage.” There is no warrant for this since Weber simply qualifies *Zweck* with (*Wirtschaft*).

¹⁷ On the purpose of such constructions, see my article “Die ‘Objektivität’ sozialwissenschaftlicher und sozialpolitischer Erkenntnis,” *Archiv für Sozialwissenschaft und Sozialpolitik*, Bd. 19 (1904): 64 ff. [MW]; as reprinted in *WL*, pp. 190ff., and section 8 below.

¹⁸ TSEO (p. 97) and E & S translate *Soziologie* here as “sociologist.”

as something that was definitely “intended.” This is a limiting case in the construction of meaning.

b) External properties of action that appear to us as “the same” or “similar” can be founded on very different contextual meanings for an actor or actors, and we also “understand” action that is quite deviant, and sometimes quite contradictory, with respect to situations that we treat as intrinsically quite “similar.”¹⁹

c) Acting human beings very often find themselves, in given situations, driven by contradictory imperatives that we on the whole “understand.” All experience tells us that very often we cannot be certain—in many cases, we cannot even begin to form a judgement—of the relative **strength** with which meanings underlying this motivational conflict are expressed in action, meanings that are nevertheless to us **equally** intelligible. Only the actual outcome of this motivational struggle clarifies this. As with every hypothesis, it is vital that the evaluation and reappraisal of our understanding of a construed meaning is made on the basis of the eventual real outcome. This can be done more or less precisely only in those (unfortunately very few) special cases suited to psychological experiments. Variable degrees of approximation can be achieved in a similarly limited number of cases of mass phenomena susceptible to numerical representation and exact statistical calculation. For the remainder, the only prospect is a comparison of as many historical or everyday events as possible. Although these might otherwise be very similar, they can be differentiated by **one** significant factor: according to the practical significance of the “motive” or “impulse” that closer investigation discloses. This is an important task for a comparative sociology. Unfortunately, we are often compelled to employ the uncertain means of “thought experiments,” isolating and **building upon** individual components of a motivational chain and **then** constructing the probable path that will ensue, so that we might then arrive at a causal imputation.

What is known as Gresham’s Law,²⁰ for example, is a clear and rational construal of human action under given conditions and assuming ideal-typical

¹⁹ See the examples given by Simmel in his *Probleme der Geschichtsphilosophie*, pp. 9–14 (MWG I/23, p. 156n22). [MW]

²⁰ Generally known as “bad money drives out good,” the “law” suggests that where coins of differing base metal content circulate at equal face values, the more valuable coins will tend to be withdrawn from circulation.

purposively rational action. How far action does **in fact** correspond to this law is an empirical matter, ultimately and in principle to be expressed as some form of “statistical” estimation: the actual disappearance of undervalued coinage from circulation. In this case, experience shows the general validity of this principle. Cognition here took the following path: **first**, there were observations based on experience, and then these were construed. Without this successful construal, our need to identify a causal mechanism would obviously remain unsatisfied. On the other hand, without proof that, as we wish to assume, a theoretically predicted course of individual behaviour does in fact occur to some sort of degree, even such an apparently evident “law” would be a worthless construct for knowledge of real action. In this case, the coincidence of meaningfulness and empirical test is quite persuasive, and instances are numerous enough to treat the test as having been met satisfactorily. To take a different example, Eduard Meyer has put forwards an inspired hypothesis concerning the causal significance of the battles of Marathon, Salamis, and Platea for the specific developmental character of Greek, and therefore occidental, culture. His hypothesis proceeds from symptomatic events—the behaviour of Greek oracles and prophets towards the Persians—that are open to meaningful elucidation, and can be verified only by reference to the behaviour of Persians in cases where they were victorious (Jerusalem, Egypt, Asia Minor). But this is an explanation that in many respects must remain incomplete. Resort therefore has necessarily to be made to the significant rational *Evidenz* of the hypothesis itself. In many cases, however, even such seemingly self-evidently true historical imputations cannot be tested in the manner still possible here. Consequently, imputation necessarily remains ultimately a matter of “hypothesis.”

7. A “motive” is the meaningful context that appears, to the actor himself or to an observer, to be the relevant and appropriate “basis” for a form of behaviour. We consider behaviour that is contextualised in this way to be “meaningfully adequate” according to our usual ways of thinking and feeling, to the degree that we consider that the relationship among its elements form a typically meaningful context—or, as we usually say, the “proper” context. “Causal adequacy,” by contrast, refers to a sequence of events where it is known from **experience** that there is the chance that the sequence will always recur in exactly the same manner. (We understand by “**meaningfully** adequate” here our usual **norms** for calculating or conceiving **correct** solutions to an arithmetical problem. Statistically speaking, “**causal** adequacy” is the probability, according

to proven empirical rules, that a “correct” or a “false” solution exists in terms of norms that are current today—the latter being a typical “calculation mistake” or a typical “entanglement of problems.” “Causal explanation” therefore involves the idea that there is some kind of calculable rule governing the way that one particular observed (inward or manifest) event is succeeded by another particular event (or occurs at the same time). In the ideal case, this rule can be expressed as a numerical probability, but such instances are rare.

A **true causal construal** of a given action means that its external execution and its motive are **properly** recognised, and at the same time are rendered meaningfully **understandable** in its context. A true causal construal of **typical** action (an understandable type of action) requires that the circumstances typically claimed for such action to some degree appear meaningfully adequate, and also that these circumstances can to some extent also be treated as causally adequate. Without such meaningful adequacy (*Sinnadäquanz*), then even where there is the greatest, precisely quantifiable probabilistic regularity in its occurrence (both external and psychic), we are left only with an *unintelligible* (or only partially intelligible) **statistical** probability. On the other hand, even the most evident meaningful adequacy has significance for sociological knowledge only to the extent that a correct causal statement can be given—as proof of the existence of a (specifiable) *Chance* that action does **tend** to follow an apparently meaningful course with specifiable frequency, or something close to it (either on average, or in a “pure” case). Only those statistical regularities that correspond to the **understandable** intended meaning of social action are in the sense used here understandable types of action, that is, “sociological rules.” Only such rational constructions of meaningfully intelligible action are sociological types of real events that are observable in reality to some degree.²¹ It is certainly not the case that in parallel with the degree of inferred meaningful adequacy, the actual *Chance* of frequency of the corresponding events **always** increases. Whether or not this occurs must be demonstrated for each instance through external experience. There are **statistics** for events lacking **meaning** (e.g., mortality statistics, statistics on fatigue, machine performance statistics, rainfall statistics) in exactly the same way that there are meaningful statistics. **Sociological** statistics (e.g., crime statistics, occupational

²¹ Parsons interjects “empirical” twice in his version of this sentence. *TSEO*, p. 100.

statistics, price statistics, cultivation statistics) are, on the other hand, composed only of the latter kind (of course with cases that include **both** being frequent: e.g., crop statistics).

8. Processes and regularities that are not “sociological events” or rules in the sense used here because they are not amenable to understanding are of course no less **important** on this account. This also goes for sociology in the sense used here, a sense that limits it to a “sociology of **understanding**” that cannot be, ought not be, forced on anyone. They shift instead—and this is quite unavoidable given the method—into a category distinct from that of intelligible action: the “conditions,” “causes,” “inhibitions,” and “promoters” of such action.

9. Action, in the sense of the meaningful and comprehensible orientation of one’s own behaviour, is for us always the behaviour of one or more **individual** persons.

It may be useful or necessary for other cognitive ends to conceive of this individual as, for example, a sociation of “cells,” or as a complex of biochemical reactions, or to consider this individual’s “psychic” life as one composed of individual elements, however these might be qualified. Important things are learned in this way about, for example, causal rules. But we do not **understand** the behaviour of these elements as expressed in such uniformities. This is also true of psychic elements, and in fact the more scientifically exact their expression, the **less** we understand them; this never opens a path to the construal of an intended meaning. For sociology (in the sense used here, as also for history), the object of study is the contextual **meaning** of action. We can (at least in principle) observe the behaviour of physiological units, of cells for example, or some form of psychic elements, or seek to derive rules (“laws”) based on such observation with the aid of which we can arrive at causal “explanations” of discrete processes, which means: subsume them under a rule. However, the construal of action pays only as much regard to these facts and rules as it does to any other meaningless psychopathological events, or the scientific conditions of technical events—whether physical, astronomical, geological, meteorological, geographic, botanic, zoological, physiological, or anatomical.

For other cognitive purposes, such as legal knowledge, or for purely practical ends, it might be useful (and indeed unavoidable) to treat social constructs (e.g., the “state,” “association,” “companies,” “charitable foundations”) as if they were individual persons with rights and duties, or as the performers of legally relevant actions. By contrast, for sociological construal and understanding of

action these entities remain merely processes and specific contexts for the action of **individual** people, since for us these are the sole understandable agents of meaningfully oriented action. But of course even for its own ends, sociology cannot simply **ignore** the collective conceptual apparatus of other intellectual perspectives. For the interpretation of action has a threefold relationship to these collective concepts:

a) It is itself often compelled to operate with very similar collective concepts, even designating them in the same way, to establish some kind of intelligible **terminology**. For instance, both legal and everyday language represents with the term “state” both a legal **concept** and those facts of social action to which legal rules apply. As far as sociology is concerned, the object “state” is by no means only, or necessarily, constructed from **legally relevant** components. And in any case, for sociology there is no such thing as the “action” of a collective personality. If it talks about the “state,” the “nation,” a “limited company,” a “family,” an “army corps,” or any other similar kind of construct, then this **solely** refers to a specific kind of actual, or conceivable, social action on the part of individuals, imputing a completely different meaning to a legal concept that has been employed for the sake of precision and familiarity.

b) The interpretation of action has to acknowledge a fundamental and important fact: that collective constructs drawn from everyday thought, from the law or other discipline, are **ideas** in the heads of real people (not only judges and officials but also the wider “public”), ideas in part about what exists, in part about what should exist, and ideas to which they **orient** their action. As such, these ideas have a quite powerful, often even dominating, causal significance for the manner in which the action of real persons occurs. This is especially true of ideas about what **should**, or should **not**, exist. (A modern “state” therefore exists not inconsiderably in this way: as a complex of a specific mutual interaction between people—**because particular** men and women orient their action to the **idea** that the state exists in this form, or **should** exist in this form; they believe, in other words, that orders of this legally oriented kind **have validity**: more about this later.) While it would be possible, if extremely pedantic and long-winded, for sociology to completely eliminate from its own terminology language used **not only** for what should legally prevail but also concepts in common use for real events (*reales Geschehen*), replacing them with neologisms, this would of course be, in this important connection at least, quite out of the question.

c) The method of so-called organic sociology (classically represented by Schäffle's stimulating book, *Bau und Leben des sozialen Körpers*)²² seeks to explain mutual social action by starting with the "whole" (e.g., an "economy"), and proceeding to interpret the individual and his behaviour in much the same way that physiology relates the location of an anatomical "organ" within the "household economy" of the organism, considering it, for instance, as an element contributing to the maintenance of the whole. (As with the well-known dictum from a lecture by a physiologist: "§10: The Spleen. We know nothing about the spleen, gentlemen. That deals with the spleen." In fact, the person in question "knew" rather a lot about the spleen: its position, size, shape, and so on. But he could not say what its "function" was, and he called this incapacity "knowing nothing".) How far this kind of **functional** consideration of the relation between "**parts**" and a "**whole**" is definitive for other disciplines must remain undiscussed here; we know that that the biochemical and bio-mechanical perspective do not allow this to limit them. For a sociology seeking to construe events, this much can be said:

- 1) This functional frame of reference serves for practical illustration and provisional orientation (and is as such extremely useful and necessary, although it must be said that an overestimation of its cognitive value and a faulty conceptual realism²³ can have very detrimental effects.) And
- 2) In some circumstances, this is the only way of identifying social action whose construed understanding is **important** to the explanation of context. But the task of sociology (as understood here) simply **begins** at this point. In the case of "social forms" (and in contrast to "organisms"), we can rise **above** the mere registration of functional relationships and rules ("laws") typical of all "natural science" (where causal laws are established for events and patterns,

²² Albert Eberhard Friedrich Schäffle, *Bau und Leben des sozialen Körpers: encyclopädischer Entwurf einer realen Anatomie, Physiologie und Psychologie der menschlichen Gesellschaft mit besonderer Rücksicht auf die Volkswirtschaft als sozialen Stoffwechsel*, 4 vols. (Tübingen: H. Laupp, 1875–1878).

²³ Parsons (TSEO, p. 103n25) uses "reification" here, which is an extremely unfortunate decision since in his explanation he betrays no awareness of its Hegelian resonance, noting that the idea is similar to Whitehead's "fallacy of misplaced concreteness."

and individual events then “explained” on this basis) and achieve something **quite inaccessible** to natural science: namely, an “**understanding**” of the behaviour of participating **individuals**, whereas we do **not**, for example, “understand” the behaviour of cells, but merely register them functionally, and then determine their activity by reference to **rules**. The superiority of constructive over observational explanation is, of course, bought at the cost of the substantially more hypothetical and fragmentary character of its results. Nonetheless: **this** is what is specific to sociological knowledge.

The extent to which we find the behaviour of animals meaningfully “understandable,” and *vice versa* (both of these being of a very uncertain nature and of problematic scope), must here remain unexamined. Hence likewise the extent to which there could theoretically be a sociology of the relation of humans to animals (whether pets or hunting animals)—many animals “understand” commands, anger, love, hostility, and quite obviously often do not react to these in an exclusively mechanical and instinctive way, but with respect to some consciousness of meaning and experience. The extent of our empathy with the behaviour of “primitive men” is certainly no greater.²⁴ But we either lack any **certain** means of establishing the subjective situation for an animal or can assess it only in a very incomplete way—the problems of animal psychology are known to be both interesting and also riddled with pitfalls. Animals associate, of course, in the most varied manner: there are monogamous and polygamous “families,” herds, packs, and even functionally structured “states.” (The degree of functional differentiation of these animal sociations is in no respect matched by the degree of physical or morphological differentiation in the development of the species concerned. The functional differentiation displayed by termites, and consequently that of their artefacts, is far greater than is the case for ants and bees.) In these cases, the purely functional perspective establishes what, for the time being, is the most definitive knowledge attainable by research: ascertaining the conditions for the preservation of animal societies (their sustenance, defence, reproduction, and social reconstitution) together with the functions of specific types of individuals—

²⁴ Parsons dissents from this view in a long footnote. *TSEO*, p. 104n27.

“kings,” “queens,” “workers,” “soldiers,” “drones,” “propagators,” “surrogate queens,” etc.). Anything beyond this was for a long time mere speculation, or investigation of the degree to which heredity or environment contributed to the development of these social proclivities. (This marked the controversy between Weismann and Götte: Weismann claimed the “omnipotence of natural selection,” underpinned in fact by deductions made with little empirical foundation.)²⁵ Genuine scientific research is at one in agreeing that this restriction to functional knowledge is a necessary one that, it is hoped, **has to be accepted** only on a provisional basis. (See, e.g., the state of termite research in Escherich’s work [1909]).²⁶ For not only would one want insight into the degree to which functions were “important for the maintenance” of such individually differentiated types, something that is relatively easy to effect; and so gain some sense of the degree to which this differentiation can be explained without assuming the inheritance of characteristics, or in reverse, assuming such inheritance (and in this case, how we might construe this assumption). We would also want to know

- 1) what **determines** the specific form assumed by the differentiation of an originally neutral, undifferentiated individual;
- 2) what **moves** the differentiated individual to behave on the average in such a way as to actually further the interest in survival of the differentiated group.

Wherever research has made any progress in this respect, it has been through experiments with **solitary** individuals, demonstrating or hypothesising the presence of chemical stimulation or physiological circumstances such as nutritional processes or parasitic castration. Today, even an expert would find it hard to say how far there might be grounds for the problematic hope of substantiating experimentally “psychological” or “meaningful” orientation. The idea that we could have a verifiable picture of the psyche of these individual social animals founded on meaningful “understanding” seems

²⁵ August Friedrich Leopold Weismann, *Die Allmacht der Naturzüchtung; eine Erwiderung an Herbert Spencer* (Jena: Gustav Fischer, 1893); Alexander Götte, *Lehrbuch der Zoologie* (Leipzig: Wilhelm Engelmann, 1902).

²⁶ Karl Escherich, *Die Termiten oder weissen Ameisen. Eine biologische Studie* (Leipzig: W. Klinkhardt, 1909).

scarcely attainable even as an ideal objective. In any case, it is not from this direction that we might expect “understanding” of human social action; rather it is the reverse: human analogies are used in such research, and this has to be so. But we might perhaps expect that these analogies will become of use to us in posing the question of how in the early stages of human social differentiation we might judge the relation between purely mechanical, **instinctive** differentiation and the domain of individual meaningful understanding, and hence **conscious** rationally formed differentiation. A sociology of *Verstehen* has to be quite clear on this point: that in the very earliest times of human development, the first of these factors is entirely dominant, and in later developmental stages a sociology of this kind must continue to register their constant influence—indeed, their decisively important influence. “Traditional” action²⁷ and large areas of “charisma”²⁸ (wherein lie the seeds of psychic “contagion” and hence sociological spurs to developmental processes) are, in fact, very close to those phenomena conceivable only in biological terms, and which are either inaccessible to construed understanding and motivational explanation, or if in some way accessible, then only in a very fragmentary fashion. But none of this absolves a sociology of *Verstehen* from its obligation to do what it alone **can** do, while conscious of the narrow limits to which it is confined.

The various works of Othmar Spann—often full of suggestive ideas alongside occasional misunderstandings and, above all, arguments based on value judgements not accessible to empirical investigation—have quite rightly laid emphasis on the importance for any sociology of a **preliminary** functional problematic (*Vorfragestellung*), what he calls a “universalistic method” that is really disputed by no one. We certainly need to know first of all what kind of action is functionally **important** for “survival” (and more, the maintenance of a specific “cultural distinctiveness”!), together with its importance for a deliberate development of a type of social action. Only then can we pose the question: How does this action come about? What motives define it? One first has to know what a king, an official, a businessman, a pimp, or a magician **does**—the action that alone stamps them as of this category; hence, before we can move to any analysis, it is **important** to know with what typical “action” we are dealing (“value-relatedness” in H. Rickert’s sense). Only this analytical

²⁷ See §2 below. [MW]

²⁸ See Chapter 3. [MW]

perspective is capable, and should be capable, of the sociological understanding of individual human beings (and only **human** beings) differentiated by type. We should discount the monumental misapprehension that an “individualistic” **method** involves an individualistic **evaluation** of **any** kind, just as we preclude the view that the inevitably rational character of **concept** formation involves a belief in the **primacy** of rational motives, or even a positive **evaluation** of “rationalism.” Even a socialist economy would have to be construed and **understood** “individualistically,” that is, on the basis of the **action** of **individuals**, the types of “functionaries” who arise in it, just as exchange transactions would be understood by marginal utility theory (or a yet-to-be-found “better” alternative that in **this** respect has a similar method). For even there, the most significant empirical sociological work always begins with the question: Which motives **determined**, and **do determine**, the individual functionaries and members of this “community” to behave in such a way that this community was first **created**, and **continues to exist**? All functional concept formation that starts at the level of the “whole” is only a **preliminary** for such an investigation, a preparation whose utility and indispensability—if done properly—no one can dispute.

10. It is usual to call some principles of the sociology of *Verstehen* “laws”—Gresham’s “Law,” for example. Such principles are formed from observation and represent the typical **chances** that, given the existence of particular circumstances, we might **expect** a certain pattern of social action that can in turn be **understood** in terms of the typical motives and typical intentions of the actor. These motives and intentions are most likely to be understandable and unambiguous where the typical pattern of action observed is founded on purely purposively rational motives—or where such action can for reasons of expediency be attributed to a methodically constructed type—such that the relation between means and ends is clearly unambiguous according to empirical principles; where, for example, the means selected were “unavoidable.” In this case, we might say: if action were strictly purposively rational, **then** action **would have to take this course and no other** (for the participants, in pursuing their explicit and specifiable ends, can, for “technical” reasons, avail themselves of these and no other means). This also goes to show how wrong it is to regard some form of “psychology” as the ultimate foundation of a sociology of understanding. Today, everyone has their own and slightly different understanding of “psychology.” The quite specific methodic aims of a natural

scientific study of particular processes justifies the separation of the “physical” from the “psychic,” a separation that is **in this** sense quite alien to the disciplines of action. The “findings” of a “psychic” science really working **solely** in terms of natural scientific method—and hence **not** at all along the same lines as a psychology of human action and the intended **meaning of such action**, whatever methodic form this might take—could, of course, occasionally acquire specific significance for sociological investigation, as might be true of the findings of any other science. This has often happened. But sociology’s relation to psychology is **not** generally any closer than it is to any other discipline. The mistake lies in the concept of the “psychic”: what is not “physical” is supposed to be “psychic.” But the **meaning** of an arithmetical calculation that someone makes is of course not “psychic.” When a person makes a rational assessment of whether the anticipated outcomes of a particular course of action advance or injure specific given interests, and according to the result of this assessment makes a particular decision, no “psychological” considerations will make this process a jot more intelligible. Sociology, including economics, constructs most of its “laws” on just such rational assumptions. By contrast, there is no doubt at all that an **interpretive** psychology can contribute a great deal to the sociological explanation of the **irrationalities** of action. But that does not alter the fundamental methodological²⁹ position in any respect.

11. Sociology constructs concepts of **types** and seeks **general** rules for events—this much has been repeatedly assumed in the foregoing. This contrasts with history, which seeks the causal analysis and imputation of **individuated, culturally** significant action, constructs, and personalities. Paradigmatically, conceptual formation in sociology takes its **material** largely, although not wholly, from realities of action that are also relevant to the historical perspective. Sociology likewise forms its concepts and seeks its rules **also** primarily from the perspective of whether, in so doing, it can be of any service to causal historical imputation with respect to important cultural phenomena. As with any generalising science, its abstractions are necessarily relatively **empty** of content as compared with the concrete reality of the historical. On the other hand, it does offer enhanced conceptual **precision** (*Eindeutigkeit*). This enhancement

²⁹ Here Weber does write *methodologisch*, not *methodisch* as elsewhere.

in precision is achieved through the optimisation of **meaningful** adequacy for which sociological concept formation strives. Hitherto it has primarily been acknowledged that concept formation of this kind can be most fully realised with respect to **rational** concepts and rules, whether they be value rational or purposively rational. But sociology also seeks to develop theoretical, meaningfully adequate concepts with respect to irrational phenomena (mystical, prophetic, pneumatic, and affectual phenomena). In **all** cases, rational or irrational, sociology **distances** itself from reality and serves knowledge of it in the following way: by registering the degree of **convergence** of a historical phenomenon to one or more of these concepts, and so placing this phenomenon as part of reality. The same historical occurrence can, for example, be in one respect “feudal”; in another, “patrimonial”; in yet another, “bureaucratic”; or again in another, “charismatic.” If these words are to mean anything **unambiguous**, sociology has for its part to form “pure” (“**ideal**”) types of such constructs, each of which displays the consistent uniformity associated with the maximisation of **meaningful** adequacy, but which because of this degree of conceptual consistency will probably never assume this absolutely ideal **pure** form in reality, just as little as a physical reaction is calculated assuming absolutely empty space. Sociological casuistry is only possible in terms of **pure** (“**ideal**”) types. Of course, sociology also on occasion employs the idea of a statistically **average** type, a construct that does not require any special methodic elaboration. But when sociology refers to “**typical**” cases, it can ordinarily be assumed that the reference is to **ideal** types, which **can** be rational or irrational and which are for the most part (always in the case of economic theory) constructed rationally, but which are always constructed as **meaningfully** adequate.

It has to be recognised that in the sociological domain, “averages,” and so “average types,” can only be constructed with some precision only where there are clear differences of **degree** in action whose meaning is determined by qualitatively **similar** factors. This does happen. But in the majority of cases, historically or sociologically relevant action is influenced by qualitatively **heterogeneous** motives from which a genuine “average” cannot be struck. Those ideal-typical constructions of social action made, for example, in economic theory are in this instance “unrealistic” insofar as they ask: How **would** someone behave given ideal, and hence purely economically oriented, purposive rationality? The question is posed in this way to assist understanding of

action that is not purely economically determined but that is in actuality also influenced by traditional constraints, emotions, mistakes, and the influence of noneconomic aims or considerations, so that we might (1) be able to understand **the degree to which** it is actually **jointly** influenced in the given instance by economic, purposively rational motivations, or tends to be so when viewed as an average, or also (2) precisely because of the **distance** separating the actual course of events from their ideal typical course, because it aids in the understanding of **real** motivation. An ideal typical construction of a consistent, mystically determined, acosmic way of life (in, e.g., politics, or the economy) would necessarily proceed in this way. The more sharply and unambiguously constructed ideal types are (in other words, the more **unreal** that they are in the sense here), the better they serve their purpose—terminologically, classificatorily, heuristically. Substantive causal imputation with respect to individual events in historical studies here proceeds no differently. If, for example, one seeks to explain the course of the 1866 campaign, we must first determine, for both Moltke and Benedek, how, assuming ideal purposive rationality, they **would have** manoeuvred **had they** possessed complete knowledge of their own position and that of their opponent. Then we can compare this with how they did in fact dispose their forces, and hence causally **explain** the observed difference, attributable as it may be to false information, genuine error, intellectual failure, personal temperament, or extrastrategic considerations. Even here, an ideal typical purposively rational construction is employed, if implicitly.

The structuring concepts of sociology are ideal typical not merely overtly, but also inwardly. Agents engage in **real** action for the most part in a dreadingly half-aware condition, perhaps entirely unaware of its “intended meaning.” The actor “senses” meaning more indefinitely than consciously or positively acknowledges it, and generally acts by instinct or habit. Only occasionally, often involving the very frequent repetition of the same action among individuals, does anyone become conscious of a rational or irrational meaning. Genuinely effective, fully conscious, and explicitly meaningful action is always in reality quite a marginal case. Analysis of **reality** through historical or sociological study has to keep this circumstance constantly in mind. But this should not prevent sociology from constructing **concepts** by classifying the possible “intended meanings,” as if action were actually conducted with conscious orientation to its meaning. Sociology must constantly keep in view this distance

from reality when dealing with substantive, concrete reality, taking into account both its degree and nature.

As regards method, one very often has only a choice between unclear and clear terms, and then unreal and “ideal-typical” terminology. In such a case, the latter are scientifically preferable.³⁰

II. The Concept of Social Action

1. Social action (including refraining from an action, or tolerating a situation) can be oriented to the past, present, or future anticipated action of others (revenge for earlier assaults, resistance to present assault, defence measures taken with respect to future assaults). These “others” can be individual and familiar, or indefinitely numerous and quite unfamiliar (e.g., “money” signifies an exchange good that the actor accepts in an exchange because he orients his action to the expectation that very many other people who are unknown and of indeterminate number will be prepared in the future to accept it in exchange).

2. Not every form of action—even overt action—is “social” action in the sense defined here. Overt action is not social action when it is solely oriented to the anticipated behaviour of material objects. Inner comportment is only social action when oriented to the behaviour of others. Religious behaviour, for example, is not social action when it assumes the form of contemplation, or solitary prayer, and remains so. Or again, economic activity (on the part of an individual) becomes social action only when, and to the extent that, it takes account of the behaviour of third parties. To put this last point quite generally and formally: insofar as this activity reflects acknowledgement by a third party of one’s own effective power of disposal over economic goods. Materially: insofar as in consumption others’ future desires are taken into account and one’s own form of “saving” is oriented accordingly. Or insofar as in production the future desire of a third party determines his orientation, and so forth.

3. Not every form of human contact is social in character; it is social only when one’s own behaviour is sensibly oriented to that of others. The collision of two cyclists is, for instance, a mere event, just like any natural occurrence.

³⁰ See “Die ‘Objektivität’ sozialwissenschaftlicher und sozialpolitischer Erkenntnis.” [MW]

On the other hand, their prior efforts to avoid each other, and the succeeding dispute, fisticuffs or amicable discussion, are all “social action.”

4. Social action is identical with neither

- a) **similar** action on the part of many, nor
- b) all action **influenced** by the behaviour of others.

a) If on the street at the beginning of a rain shower, a number of people put up their umbrellas simultaneously, normally the action of any one is not oriented to that of the others, but instead the action of all is a common response to the need for protection against the rain.

b) It is well known that the action of the individual is strongly influenced by the mere fact of being part of a crowd in a confined space (the object of research in “mass psychology,” e.g., in the work of Le Bon). This is action **determined** by the mass. Even within a dispersed mass, it is possible for the individual to be subject to simultaneous or successive influence, through, for example, the press, where the sensed behaviour of the many influences that of the individual. Particular forms of reaction are facilitated, or hindered, by the mere fact that the individual feels himself part of the “mass.” Consequently, a specific event or human behaviour can evoke quite varied responses—laughter, anger, enthusiasm, despair, passions of every form—that would not be so prompted in a solitary individual, or at least not so easily. In the majority of cases, none of this requires that a **meaningful** relationship exist between the individual’s behaviour and the fact of his being part of a mass. Action prompted by a reaction to the mere presence of a “mass,” or to which such presence contributed, without there being a meaningful **relation**, is not “social action” in the sense used here. Naturally, the distinction is a highly fluid one. Differences—both of degree and of intelligible extent—in meaningfulness can be attributed to the “mass condition” not simply in the case of demagogues but also with a mass public itself. Simple “imitation” of an other’s action (the importance of this is rightly emphasised by G. Tarde) should not be conceptualised as **specifically** “social action” where it is purely reactive, lacking the orientation of one’s own action to that of the other. The boundary is so fluid that often a clear distinction seems impossible. The simple fact that a person adopts from someone else an apparently useful procedure is not social action in our sense. The action is not oriented **to** the behaviour of the other, but

the actor has, **through** observation of this behaviour, become aware of certain objective *Chancen*, and it is to **these** possibilities that his action is oriented. His action is **causally**, but not meaningfully, determined by the action of others. If, by contrast, the action of another is imitated because it is “fashionable” or is considered to be traditional, exemplary, socially (*ständisch*) “proper,” or anything similar, then meaning is oriented either to the behaviour of the source of imitation, or to that of third parties, or to both. Naturally, these shade into each other. Both instances, that of mass determination and of imitation, are fluid and borderline cases of social action, as we shall see below in dealing with traditional action, for instance. The reason for this fluidity is to do here as elsewhere with the fact that orientation to the behaviour of others, and the meaning of one’s own action, are not always something that can be established unambiguously or of which one is even **conscious**, and even more rarely completely conscious. Mere “influence” and meaningful “orientation” are, for this reason, not always easily distinguishable. Conceptually, of course, they can be distinguished, although it goes without saying that simple “reactive” imitation has **at least** the same sociological **consequence** as that which represents “social action” in a genuine sense. For this reason, sociology is **not only** concerned with “social action,” for the sociology pursued here is simply its central referent, what could be said to be **constitutive** for it as a science. But this is to say nothing about the **importance** of this referent as compared with that of others.

§2. As with any form of action, social action can be determined either (1) by **purposive rationality**: through expectations of the behaviour of external objects and other people, and employing these expectations as a “condition” or “means” for one’s own rational **ends**, as sought after and considered objectives; or by (2) **value rationality**: through conscious belief in the unconditional and **intrinsic** value—whether this is understood as ethical, aesthetic, religious, or however construed—of a specific form of particular comportment purely for itself, unrelated to its outcome; or by (3) **affect**, especially **emotion**: through actual emotions and feelings; or by (4) **tradition**: through ingrained habituation.

1. Rigorously traditional behaviour, just like purely reactive imitative behaviour (see the preceding section), lies at the very extreme of what one could dub “meaningfully” oriented action, and it is often quite beyond it. For it is very frequently merely an empty reaction to familiar stimuli following an ingrained pattern. The greater part of everyday action approaches this type, which not only represents a marginal case for any systematic taxonomy but also because adherence to the familiar can be sustained with various degrees of self-consciousness (more about this later) and in different senses; in this case, the type approaches (2) above.

2. Rigorously affectual comportment likewise lies at the boundary, and often beyond, of what is consciously “meaningfully” oriented; it can be uninhibited reaction to some exceptional stimulus. It is **sublimated** when affectually determined action involves the **conscious** release of feeling, in which case it usually, but not always, finds itself on its way to “value rationalisation,” or to purposive action.

3. Affectual and value-rational orientation of action differ in their conscious elaboration of the ultimate details of action and **consistent** planful orientation with respect to these details. Otherwise, they share in common the idea that the meaning of action is not contained in its eventual success but in the particular form taken by the action itself. He who acts according to emotion seeks instant revenge, instant enjoyment, instant dedication, instant contemplative bliss, or seeks to satisfy through abreaction current emotions (no matter how great or sublime they might be).

Whoever acts in a **purely** value rational manner acts without regard to the foreseeable consequences of action in the service of convictions, following the apparent bidding of duty, honour, beauty, religious pronouncement, piety, or the importance of a “cause” of whatever kind. Value rational action is in our sense always action made at the “bidding” of “demands” that the actor believes to be imposed on him- or herself. We will talk here of value rationality only to the extent that human action is oriented to such demands—something that occurs in greatly varying degrees, and mostly only in a very small number of cases. As we shall see, this form is important enough to be distinguished as a special type, although there is no intention here of establishing an exhaustive typology of action.

4. Whoever acts in a purposively rational manner orients their action to the purpose, means, and associated consequences of an act, and so rationally

weighs the relation of means to ends, that of the ends to the associated consequences, and that of the various possible ends to each other; hence, action that is **neither** affective (especially not emotional) **nor** traditional. The decision between competing and conflicting aims and consequences can in this way be oriented **value**-rationally; in this case, only the means are selected by purposive rational criteria. Alternatively, the individual can deal with competing and conflicting aims without resorting to value rationality, taking “dictates” and “demands” simply as given subjective feelings of need arranged on a scale that is consciously **balanced** according to their urgency, orienting action so that they will, as far as is possible, be satisfied in this sequence (the principle of “marginal utility”). Hence, there are many ways in which the value rational orientation of action can relate to purposive rationality. From the perspective of purposive rationality, however, value rationality must always be **irrational**, the more so when action is governed by absolute values. For the more that action elevates such absolute values, the less it reflects on the consequence of such action, and the more unconditional do considerations of inner disposition, beauty, the absolute good, and absolute duty become. **Absolutely** purposive rational action is for the most part a marginal case, however.

5. Action, especially social action, is very rarely oriented **solely** to the one **or** the other type. Similarly, these types of orientation are in no way exhaustive with respect to types of action, but are instead conceptually pure types created for sociological ends, to which real action more or less conforms, or from which it is more often combined in reality. Only their outcome can determine their utility for **us**.

§3. Social “relationship” shall refer to the meaningful content of the mutual **disposition** of several persons, and comportment arising from such an orientation. A social relationship therefore **consists** entirely and quite exclusively of the *Chance* that action will be social in a (meaningfully) manifest sense, leaving to one side for the moment the basis of this *Chance*.

1. A leading characteristic of the concept shall therefore be the existence in the relationship of a minimum of **mutual** orientation **one to another**. The

content can be quite various: conflict; enmity; sexual love; friendship; piety; market exchange; “fulfilment,” “evasion,” or “breach” of an agreement; economic, erotic, or other forms of “competition”; or communal relations based on social rank, nation, or class (**in the event** that these last circumstances create “social action” that goes beyond the mere sharing of this circumstance—more about this below). Hence, the concept implies **nothing** about “solidarity” between the actors, or its direct negation.

2. It is always a matter of the **intended**, empirical meaning of participants for each actual or average case, or in a constructed “pure” type—never of a normatively “correct” or metaphysically “true” meaning. A social relationship—even where it is a matter of so-called social constructs such as state, church, cooperative association, marriage, and so forth—**consists** exclusively and solely in the *Chance* that action whose meaningful content demonstrably arises from mutually orientated action has occurred, occurs, or will occur. This must be constantly born in mind if one is to avoid a “substantive” view of these concepts. A “state,” for example, ceases to “exist” sociologically with the disappearance of the *Chance* that particular forms of meaningfully oriented social action occur. This *Chance* might be very great, or infinitely small. The relevant social relationship exists, or did exist, to the extent and **degree** that this *Chance* can be estimated to actually exist, or did exist. There is no alternative and **clearer** meaning for the statement that, for instance, a particular “state” “exists,” or “no longer exists.”

3. This in no respect implies that those involved in mutually oriented action attribute in each case the **same** meaning to a social relationship, or that each inwardly reciprocates the orientation of the other, so that “mutuality” arises in **this** sense. “Friendship,” “love,” “piety,” “contractual fidelity,” “national spirit”—everywhere the sentiments of one side can encounter quite different attitudes on the other. In this case, participants attribute a different meaning to their action—here the social relationship is on both sides objectively “one-sided.” But such action is nevertheless mutually related to the degree that the actor **assumes** (perhaps entirely, or in part, mistakenly) that their partner has a particular disposition towards the actor, and orients their own action to such expectations; this can have, and usually will have, consequences for the ensuing action and the construction of a relationship. The relationship is naturally also only objectively “mutual” to the degree that the meaningful content for each—according to their average **expectations**—“corresponds,” such that,

for example, the child's attitude relates to the father's in a manner at least approximating that which the father expects, whether for each instance, or on average, or typically. A social relationship based on a perfectly **symmetrical** correspondence of such attitudes is in reality a rarity. Absence of mutuality should in our terminology only rule out the existence of a "social relationship" if there is an actual lack of **reciprocity** in mutual action. As elsewhere, in reality all kinds of transitional cases are the rule.

4. A social relationship can be quite transitory, or long-lasting—such that there is a *Chance* that behaviour corresponding to its meaning will **recur**, that is, anticipated behaviour conforming to its meaning. To avoid any misunderstanding, we must always remember that it is **only** the existence of this *Chance*—the greater or lesser **probability** that action corresponding to this meaning takes place, and **nothing** more than this—that signifies the "**existence**" of the social relationship. That a "friendship" or a "state" **exists**, or did exist, means exclusively and only that: **we** (the **observers**) consider that a *Chance* exists or existed that, given the particular disposition of particular people, action will follow a specifiable path according to an **averagely intended** meaning—and no more (see the latter part of 2. above). From a **legal** perspective, there is an unavoidable alternative—that a **legal** statute with a certain meaning is either legally valid or not, that a **legal** relationship either exists or not—but this is **not** applicable to a sociological perspective.

5. The substantive meaning of a social relationship can alter—for instance, a political relationship originally based on solidarity can turn into a conflict of interests. In such cases, whether one says that a "new" relationship has been created, or that the existing relationship has gained a new "substantive" meaning is only a matter of terminological convenience and the degree of **continuity** in the transformation. Substantive meaning can also be in part perpetual, in part subject to variation.

6. The substantive meaning that **perpetuates** a social relationship can be formulated in "maxims," general adherence to which participants **expect** from their partner(s), and according to which they in return generally orient their action. This is more frequently the case the more (purposively or value) rationally oriented the general character of the action is. With an erotic relationship, or emotional relationships in general (e.g., a relationship of "piety"), the prospect of a rational formulation of the intended substantive meaning is quite naturally much less than that in a contractual business relationship.

7. The substantive meaning of a social relationship can be **agreed** by mutual consent. This means: those involved make **promises** regarding their future behaviour, whether towards each other, or otherwise. Each participant—insofar as each calculates rationally—initially assumes (with a varying degree of certainty) that the **other** will orient their action to that meaning of the agreement understood by the first actor. Actors orient their own action to this expectation partly in a purposively rational manner (expressing some degree of “loyalty”), and partly value-rationally, as a “duty” to “adhere” on their own part to the concluded agreement as understood by them. All this is by way of preliminaries (for the remainder, see §9 and §13 below).

§4. Actual regularities can be observed within social action, that is, regularities whose **intended meaning** is typically similar in action repeated by the same actor, in action replicated by many actors, or in both of these at the same time. Sociology is concerned with **typologies** of such modes of action, unlike history, which concerns itself with causal imputation with respect to important, fateful, singular events.

An actually existing *Chance* of **regularity** in the orientation of social action will be called a **practice** if and to the extent that the *Chance* of its existing among a group of people depends **solely** on its actual performance. A practice that has become **familiar** through lengthy exercise shall be called a **custom**. A custom is regarded as having been “**determined by interests**” if and to the extent that the *Chance* of its empirical existence is determined **solely** by the purposively rational orientation of individual action to similar **expectations**.

1. “Fashion” is also a practice. By contrast with the definition of “custom,” fashion is a “practice” if the source of an action’s orientation becomes the **novelty** of the relevant behaviour. It is close to the meaning of “convention,” for these both mostly arise from the prestige accruing to **status differences** and the interests formed around them. This will not be considered any further here.

2. By contrast with “convention” and “law,” “custom” does **not** involve an externally guaranteed rule to which the actor actually adheres voluntarily (whether such adherence is “unthinking,” for “convenience,” or for any other reason) and whose probable observance he can for these reasons expect from others belonging to this group of people. Custom would not, in this sense, be something “validating”: no one can “require” its observance, that one conform to it. There is a fluid transition from here to established **convention** and **law**. Established actual practices have always been the source of that which is later enforced. Today, it is “customary” that we breakfast every morning in a more or less predetermined way, but there is nothing “obligatory” about this (except for hotel guests) and it was not always a custom. By contrast, forms of dress, even where they are derived from “custom,” are today, for the most part, not only custom but convention. The relevant passages on practice and custom from Ihering’s *Zweck im Recht*, Bd. II [1883], can still be read with benefit today.³¹

3. Many very obvious regularities in the course of social action, especially (but not exclusively) in the case of economic action, are in fact quite independent of some “valid” prescribed norm, or of custom. They arise instead solely from the circumstance that the form of social action adopted generally corresponds most closely to participants’ normal, subjective evaluation of their **interests**, hence orienting their action according to this subjective opinion and understanding. An example of this can be found in the process of price formation in a “free” market. Market agents orient their behaviour purposively, employ it as a “**means**” in the realisation of their “end”—their subjective, **typified**, economic interests—and treat others’ prospective behaviour as so many “conditions” for the realisation of this end. The more **rigorously** purposively rational their behaviour—the greater the degree to which means are matched to a desired end—the more that they react in similar ways to any given situation. From this there arise similarities, regularities, and continuities in outlook and action, and these are often a great deal stronger than action oriented by norms and duties thought of as “binding” for a particular group of people. That the orientation to the naked self-interest of oneself

³¹ See also Paul Oertmann, *Rechtsordnung und Verkehrssitte. Zugleich ein Beitrag zu den Lehren von der Auslegung der Rechtsgeschäfte und von der Revision* (Leipzig: Deichart, 1914), and most recently, Ernst Weigelin, *Sitte, Recht und Moral* (Berlin: Rothschild, 1919), which is in agreement with my criticism of Stammler. [MW]

and to that of others creates effects entirely similar in character to those sought (often vainly) in the forcible imposition of uniform conditions. This phenomenon is well known in the economic domain and was a principal source for the development of political economy as a science. But this holds for all domains of action in a quite similar manner. The self-awareness and lack of scruple associated with self-interest is the polar opposite of any kind of inner commitment arising from conformity with the familiar, with “custom”; it also contrasts with a dedication to norms, belief in which is value rational in character. **One** important component in the “rationalisation” of action is the replacement of this inner conformity to habitual custom by planful adaptation to given interests. Of course, this process does not exhaust the concept of the “rationalisation” of action. For in addition, the process can be positive where there is a conscious rationalisation of values, and negative where it is not only at the expense of custom but also of affective action. Ultimately, the process can also work in favour of nihilistic, purposively rational action at the expense of action linked rationally to absolute values. This **ambiguity** in the concept of the “rationalisation” of action will be returned to again. (Some conceptual remarks on this can be found in the **conclusion**.)³²

4. The strength of (mere) **custom** derives for the most part from the fact that he who fails to orient his action to custom acts “inappropriately” and has to put up with greater or lesser humiliation and mortification so long as the action of the majority of those around him presume the continued existence of the custom and is so oriented.

Likewise, the strength of **given interests** derives from the fact that he who fails to orient his action to others’ interests—does not “count on” them—provokes their opposition, or succeeds in a manner he had neither wanted nor foreseen and, consequently, risks damaging his own interests.

§5. Action, especially social action, and even more specifically, a social relationship, can be oriented by an actor’s **conception** of the existence of a **legitimate order**. The *Chance* that this actually occurs will be called the “validity” of the relevant order.

³² It is not clear which passage Weber is referring to here; it is certainly not the end of this chapter.

1. The “validity” of an **order** means more here than mere regularity of the course taken by social action conditioned by custom or by given interests. If moving companies routinely advertise their services when leases expire, then this regularity is dictated by their “given interests.” If a door-to-door salesman seeks out a specific group of customers on particular days of the month or of the week, then that is either a familiar custom, or alternatively a product of his particular interests (it is his turn to work a given locale). But if an official routinely appears in his office at the same time each day, then that is not **only** the result of a familiar custom, nor **only** determined by his given interests to which he can conform or not as he pleases. This happens as a rule generally because of the imperative “validity” of an order (an office rule), infringement of which would not only bring disadvantage but which would normally be abhorrent to his “sense of duty,” a sentiment linked to value rationality but which can manifest itself in numerous ways.

2. We will call the substantive meaning of a social relation

a) an “order” only when action is (on average and approximately) oriented to definable “principles.” We shall

b) only speak of this order being “validated” if this actual orientation to those principles is **also** in practice followed because these principles are in some way or another recognised as binding or exemplary **for** the action. In fact, the orientation of action to an order occurs for a wide variety of motives. But **besides** other motives, the circumstances that for at least a proportion of actors the order seems exemplary, or obligatory, and hence is something that **should** have validity, naturally increases the *Chance* that action will be oriented to this order, often to a very significant extent. An order that is internalised **only** for purely purposively rational motives is generally a great deal more volatile than an orientation based solely on custom, from the sheer familiarity of a mode of behaviour; this is the most frequently encountered internalised attitude. But such an order is even more unstable than an order with the prestige of being considered exemplary or obligatory, or as we might say, which enjoys “**legitimacy**.” The transition from merely traditional or merely purposively rational motivated orientation to an orientation based on a belief in its legitimacy is, of course, in reality an extremely fluid one.

3. “Orientation” of action to the validity of an order does not only imply “adherence” to its (averagely understood) meaning. Even where this averagely understood meaning is “evaded” or “infringed,” it is likely that this validity will

still, to some extent, remain **effective** as a binding norm. This is initially purely purposively rational. The thief orients his action to the “validity” of criminal law, since he conceals his action. The fact that an order is “valid” within a human group is expressed in the fact that the thief **must** conceal his violation of the order. Besides this extreme case, violation of an order is mostly limited to numerous more or less partial infringements; or such violations might be represented, with varying degrees of good faith, as legitimate infringements. Or it might happen that several conceptions of the meaning of an order co-exist, which (for sociology) can in turn have “validity” to the extent that they do determine actual conduct. Sociology has no difficulty recognising a variety of coexisting, **contradictory** orders within the same human group, for even the individual can orient his action to mutually inconsistent orders. And this can occur not only successively, as happens daily, but in the self-same action. Anyone involved in a duel orients his action to the code of honour when concealing his action, or, conversely, orients his action to the criminal code if he gives himself up to the police. Of course, if evasion or violation of the generally accepted meaning of an order becomes the **rule**, then the order retains only a limited “validity” or loses it altogether. For sociology (unlike jurisprudence with its inescapable purpose), there exists no absolute alternative between the validation and the nonvalidation of a particular order. There are instead fluid transitions from one to the other, and as noted above, mutually inconsistent orders can be simultaneously “valid”—each to the extent that there is a *Chance* that action will **actually** be oriented to it.

Those familiar with the literature will recall the role played by the concept of “order” in R. Stammler’s work cited above,³³ a book that is like all his work no doubt quite brilliantly written, but which is, as I note in the Preamble above, nevertheless fundamentally misconceived and fatally confused in its appreciation of the problems. (See my critique cited there, which unfortunately became rather sharp in form because of my irritation with the confusion engendered.) Stammler not only fails to distinguish empirical and normative validity but also fails to recognise that social action is not **only** oriented to “orders”; above all, he develops a quite mistaken logical argument in which order becomes the “form” of social action, which is related to “content” in a

³³ See note 5.

manner that is analogous to the contrast between “form” and “content” in an epistemological sense (this quite apart from his other mistakes). For instance, action that is predominantly economic in character (see the following chapter) is oriented to the scarcity of disposable means to satisfy need compared with the (assumed) need, and to the present and expected action of third parties who have these same means in view. But such action **also involves** an orientation in the **choice** of “economic” measures to those “orders” that the agent recognises as having “valid” laws and conventions; that is, this recognition implies an expectation that a third party will react in a specific manner if these laws and conventions are flouted. Stammer has quite hopelessly muddled these quite simple empirical principles and in particular declared the conceptual impossibility of a causal relationship between an “order” and actual action. There is, of course, no causal relationship between an empirical event and the normative validity of an order in the strictly legal sense; there is only the question of whether the order **properly** interpreted in the legal sense “applies” to the empirical event. **Should** the order have normative force **for** the event? If so, what does this normative **prescription** imply? By contrast, there is of course a causal relationship in its quite usual sense between the *Chance* that action will be oriented by a **belief** (of whatever kind) in the validity of an order and economic action. But for sociology, as opposed to the law, this *Chance* of orientation by a **belief** “is” “the” valid order.

§6. The legitimacy of an order can be **guaranteed**

I. purely inwardly,³⁴ either

1. purely affectively: by instinctive dedication; or
2. value-rationally: by belief in its absolute validity as the embodiment of ultimate, obligatory values (ethical, aesthetic, or of whatever kind); or
3. through religion: by belief that salvation depends on inner adherence to the order;

³⁴ *Innerlich* (subjective), *E & S*, p. 33, is not Parsons’s translation, but that of Roth and Wittich. In fact, *E & S* diverges markedly from *TSEO* in §6. See *TSEO*, p. 127n52.

II. also (or only) by expectations linked to specific external consequences, hence given interests, but also by expectations of a quite particular **kind**.

An order will be called a

- a) **convention**, where its validity is externally underwritten by the *Chance* that deviation from its observance will, in a given human group, result in relatively general and in practice tangible **disapproval**;
- b) **Law**, where its validity is externally underwritten by the *Chance* that physical or mental coercion will be applied by a specialised **staff** of people³⁵ whose task is to enforce conformity or punish contravention.

On “convention,” see besides Ihering and Weigelin, F. Tönnies, *Die Sitte* (1909).³⁶

1. The term convention denotes a “custom” treated as “valid” **within a human group** and where disapproval acts as a guarantee against infringement. By contrast with the law (as here defined), there is no specialised **staff** of people charged with its enforcement. Stammer distinguishes convention from law in terms of the absolutely “voluntary” nature of subordination to it, but this does not coincide with common usage, nor is it appropriate for his own examples. Following a “convention” (in the usual sense)—for instance, ordinary greetings, what counts as decent clothing, and the rules governing the form and content of social intercourse—has an obligatory or exemplary force for the individual, on whom such conventions are most definitely imposed, quite without option, and have nothing in common with the mere “custom” of taking one’s meals in a particular way. Violation of a convention such as a “custom marking social rank” is often more effectively and painfully penalised through

³⁵ *Stab* in Weber; Roth and Wittich omit the important qualification, but it is retained in Parsons. Altogether, Parsons’s (*TSEO*, p. 127) original translation is here closer to the original than that of Roth and Wittich (*E & S*, p. 34). Starting at this point, the Roth and Wittich version diverges at times quite dramatically from that of Parsons, whose translation becomes the more reliable of the two.

³⁶ Ferdinand Tönnies, *Die Sitte* (Frankfurt am Main: Rütten & Loening, 1909).

social boycott than any legal compulsion could effect. All that is missing is the specialised staff charged with enforcing conformity to a specific mode of action (in our case, judges, state attorneys, administrative officials, executors, and so forth). There is no hard and fast distinction, however. The conventional guarantee of an order that comes closest to a legal guarantee is the institution of a formal, threatened, and **organised** boycott. In our terms, this would be a legal means of compulsion. We are not concerned here with the fact that a convention can be effected by means other than **mere disapproval**—for example, the invocation of house rules where behaviour flouts convention. For what is decisive here is the fact that it is the **individual, by virtue of** conventional disapproval, who applies (often drastic) coercive means, and not a dedicated and specialised **staff**.

2. For the concept of “law” as employed here, the existence of a **staff** dedicated to its enforcement is its most decisive feature, although for other purposes it might be defined quite differently. This agency, of course, does not have to resemble, in any respect, those with which we are familiar today. In particular, there is no necessary requirement that a “judicial” body exists. A clan fulfils the requirements of this staff in reprisals and feuds if the form of its reaction validates orders of some kind. Of course, this is an extreme case of what we otherwise refer to as “legal compulsion.” The “legal” character of international law has often been disputed because of the absence of transnational coercive force. The terminology employed here for the sake of convenience would in fact not designate as “law” an order guaranteed externally solely though the anticipation of disapproval and retaliation on the part of injured parties, hence guaranteed conventionally and according to given interests, but which lacked a staff whose action was **exclusively** directed to enforcing adherence to this order. Nonetheless, in legal terminology the opposite could well be the case. The **means** of coercion are not relevant. Even the “brotherly admonishment” commonly used by many sects as the first step of gentle pressure on sinners belongs—if conforming to a rule and applied by a staff—here. Likewise the use of the censorious reprimand as a means of guaranteeing “moral” behavioural norms. And also, of course, the psychic coercion exercised by church disciplinary methods. There is, of course, “law” guaranteed hierocratically as well as politically, or through the statutes of an association, or through the caretakers of a house, through cooperatives and other unions. The rules of a “commentary” also treat this conceptual definition as “law.” The

case of Para. 888, Section 2, of the German Code of Civil Procedure, dealing with unenforceable rights, belong quite naturally here, too.³⁷ “Leges imperfectae” and “natural obligations” are likewise forms of legal **language** that express **indirect** restrictions or conditions on the use of coercion. A coercively imposed “rule of moral conduct” is in this respect **law** (BGB [Bürgerliches Gesetzbuch], Paras. 157, 242). For the concept of “good customs” (i.e., customs that might be approved of and that thus enjoy the sanction of the law), see Max Rümelin in *Schwäbische Heimatgabe fuer Theodor Haering*.³⁸

3. Not every valid order necessarily has an abstract and general character. A valid “legal principle” and a “legal decision” arrived at in a given case, for instance, would not be as distinct in every circumstance as we are today accustomed to think. An “order” **can** be simply the order governing a single situation. Any further detail is a matter for legal sociology. To begin with, and where not stated otherwise, for the sake of convenience we shall assume the modern appreciation of the relationship of legal principle and legal decision.

4. Orders that are guaranteed “outwardly” can also be guaranteed “inwardly.” Sociology has no problem with the relation between law, convention, and “ethics.” For sociology, an “ethical” standard is simply one that applies a specific type of value-rational **belief** on the part of humans as a norm for human action, and which claims the label “ethically good”—in the same way that action labelled “beautiful” is evaluated in terms of aesthetic standards. Conceptions of ethical norms of this kind can have a very profound influence on action, while still having no kind of external guarantee. This tends to happen if the interests of others are barely affected by the violation of such norms. They are, on the other hand, frequently guaranteed by religion. But, in the sense used here, they can also be guaranteed by convention: through disapproval of their violation together with the imposition of a boycott. Or they can also be guaranteed by law: through criminal law, police response, or the consequences of civil law. Every actually “valid” ethic (in the sociological sense) generally tends to be guaranteed by the *Chance* that disapproval will follow

³⁷ MWG I/23, p. 188n69, outlines the protocol of 30 January 1877 that details how a third party can resort to civil process for enforcement, except in the case of the breakdown of a marriage or where a contract to provide services exists.

³⁸ Theodor Haering, ed., *Schwäbische Heimatgabe fuer Theodor Haering zum 70. Geburtstag* (Heilbronn: Salzer, 1918).

from its violation—and is therefore conventional in our terminology. By contrast, not all conventionally and legally guaranteed orders (necessarily) claim the character of **ethical** norms, and this is much less often the case with legal orders, which are often formulated in a purely purposively rational manner, than it is with conventional orders. **Whether** or not a prevailing conception of validity is to be ascribed to the domain of “ethics”—thus as “mere” convention or “mere” legal norm—is a problem to which an empirical **sociology** can only respond by examining the concept of “the ethical” **actually** prevailing among that human group. For this reason, nothing can be said **about this** in general.

§7. Actors can ascribe **legitimate validity** to an order

- a) by virtue of **tradition**: the validity of the ever-existing;
- b) by affective, especially emotional, belief: the validity of the newly revealed, or the exemplary;
- c) by virtue of **value-rational** belief: the validity of that which has been revealed to be absolutely certain;
- d) by virtue of positive statute, whose **legality** is believed.
 Legality with such a positive source can be treated as legitimate
 - α) by virtue of an agreement among interested parties;
 - β) by virtue of its imposition, on the basis of the legitimacy ascribed to the rule of man by man, and conformity.

Further details (apart from some concepts that will be elaborated below) will be dealt with in the sociology of rule and of law. Here it can be observed that

1. The original and most universal validity ascribed to orders lies in the sanctity of tradition. Superstitious belief in the dangers of magic reinforces psychic inhibition with respect to any sort of change in habitual action, together with the many interests that tend to underwrite conformity to an existing order thought valid, support its maintenance. This will be discussed further in Chapter 3.

2. **Conscious** formation of new orders originally resulted almost exclusively from prophesy, or at least sanctioned by prophecy and as such thought of as holy, right down to the statutes of the Greek *aisymnetai*. Conformity depended on belief in the legitimization of the prophet. In the absence of new revelations,

during the period in which a rigorous traditionalism prevailed, the formation of new orders, those that would be **perceived** to be new, was only possible if it was claimed that they had always been valid though not hitherto **properly** recognised as such, or that they had been obscured for a long time and were now for the first time **restored** to their rightful place.

3. The purest type of value-rational validity is represented by “natural law.” However limited it may be in comparison with its ideal claims, it cannot be disputed that no little part of its real influence on action derives from its logically constructed principles, and this can be distinguished from revelation, statute, or traditional law.

4. Today, the most common form of legitimacy is a belief in **legality**: conformity with **formally** correct statutes that have been established in the usual manner. Here the contrast between an order based on assent and one that is simply imposed is relative, not absolute. For as soon as the former type of order ceases to depend on **unanimous** agreement—often thought in the past to be a requisite of genuine legitimacy—but depends for its existence on the compliance of a dissenting minority with the will of the majority (as frequently happens), then an order agreed among a majority is in fact imposed on this minority. But the reverse of this is also common: where a minority imposes an order by force, or by virtue of a certain ruthlessness and clarity of purpose, which order is then subsequently accepted as legitimate by those who had previously resisted it. Where “voting” is a legal means for the creation or alteration of orders, it is very common for the minority will to gain a formal majority, and for the majority to comply with this, such that the principle of majority is mere facade. There is a fairly lengthy tradition of belief in the legality of freely agreed orders and examples can be found among so-called primitive peoples, although this is nearly always reinforced by the use of oracles.

5. As a rule, compliance with imposed orders on the part of one or more persons, and so long as mere fear or purposively rational motives play no decisive role but instead conceptions of legality exist, presumes a belief in some form of legitimate **rulership** on the part of a hegemonic agent or agents (this is dealt with separately below).³⁹

³⁹ §13, §16, and Chapter 3.

6. As a rule, and besides circumstantial interests of all kinds, compliance with orders is secured through a mixture of an allegiance to tradition and conceptions of legality, except in the case of entirely new statutes. In many instances, here the compliant actor is quite naturally unconscious of whether custom, convention, or law is involved. Here it is the task of sociology to determine the **typical** form of validity.

§8. A social relation is **contested** (*Kampf*) where an actor is oriented to the imposition of their own will on an unwilling partner or partners. “Peaceful” means of conflict are those that do not actually involve physical force. “Peaceful” conflict will be called “competition” where there is a formally peaceful attempt to gain powers of disposition for oneself over *Chancen* that are also desired by others. “Regulated competition” is where the ends and means of competition are oriented to an order. “Selection” involves the latent contest for the *Chance* of existence, or of survival, among humans or types, although such contest is not a conscious intention: “social selection” refers to *Chancen* arising during the lifetime of an actor, and “biological selection” where it concerns the *Chance* for the survival of inherited characteristics.

1. There is an entirely seamless transition between the two extremes of conflict: from a contest aimed at the destruction of an opponent’s life, refusing any binding rules of engagement, to the conventionally regulated encounters of medieval chivalry. Typical for the latter was the cry of a herald before the battle of Fontenoy: “Messieurs les Anglais, tirez les premiers.”⁴⁰ Other instances are regulated games (sport); unregulated erotic competition among admirers for the favours of a woman; the regulated, competitive contest for exchange opportunities constrained by market order; regulated artistic “competitions”; and finally, “electoral contests.” The conceptual distinction of violent from nonviolent conflict can be justified by the special nature of the normal

⁴⁰ “Englishmen, please fire your opening shots.”

means employed, and the particular characteristics of the sociological consequences following from their use (see Chapter 2 and elsewhere).

2. Typical, repeated mass conflict and competition eventually leads, despite all manner of decisive but accidental twists of fate, to the “selection” of that actor who has the greater endowment of those personal qualities essential for success. These qualities might be quite various: greater physical strength or unscrupulous cunning; greater intensity of intellectual capacity; greater stamina; a superior demagogic technique; a greater devotion to superiors, or to the flattering of masses; greater originality or greater social adaptability; more extraordinary qualities, or on the other hand, a greater than average degree of ordinariness. Whatever traits possessed by adversaries, the conditions of conflict and competition work in favour of those who, besides all conceivable forms of such qualities, belong to the **orders** to which behaviour in the course of conflict is oriented—whether it be traditional, value rational, or purposively rational. **Each** of these influences the prospect of social selection. Not **every** form of social selection is a “contest” in the senses used here. “Social selection” means rather that particular forms of comportment, and probably also of personal qualities, are favoured in the possibility of achieving a certain social **relationship** (e.g., as a “lover,” “husband,” “representative,” “official,” “site foreman,” “general director,” “successful businessman,” and so on). There is no implication here that this *Chance* of social advantage will be necessarily realised in “conflict,” or indeed whether the biological *Chance of survival* of the type is thereby improved, or damaged.

We shall only talk of “conflict” where there is genuine **competition**. All previous experiences demonstrate that conflict is really inevitable only in the sense of “selection”; only in the sense of **biological** selection is it inevitable in **principle**. Selection is “eternal” since no means can be conceived that might eliminate it. A rigorously pacifist order is only able to deal with conflict by seeking to eliminate the specific means, objects, and aims of conflict. But this would mean only that **other** forms of conflict would emerge through open competition. Even on the utopian assumption that all competition was eliminated, conditions would still lead to a (latent) process of selection over *Chancen* of existence and survival, favouring those with opportunities available to them by virtue of biology or of education and upbringing. The elimination of conflict is limited empirically by social selection, and limited in principle by biological selection.

3. “Conflict” and “selection” that involves social **relations** must naturally be distinguished from the conflict of **individuals** for *Chancen* of existence and survival. In this case, one can only use these concepts in a metaphorical sense, for “relationships” only **exist** as substantive meanings determined by human **action**. “Selection” or “conflict” between them means that a particular form of action is **displaced** over time by another, involving the same people, or a different group of people. This can happen in different ways. Human action can be

a) **consciously** oriented to: the **disturbance** of particular, existing social relationships, or to the disturbance of more generally defined social relationships whose substantive meaning corresponds to particular **action**; or be oriented to an attempt to prevent their foundation, or persistence. Examples would be to seek the destruction of a “state” by war or revolution, or of a “conspiracy” by bloody suppression, the control of “concubinage” by police measures, and of “usurious” commercial dealings by denial of legal protection and punishment; or by consciously seeking to favour the existence of one category over another—individuals or a number of conjoined individuals might pursue such ends. It can also be

b) the unanticipated consequence of a course of social action and the many circumstances conditioning it: that specific relationships, or specific forms of relation (i.e., the corresponding **action**) have a reduced *Chance* of persistence or of reformation. Changes to natural and cultural conditions of all kinds work in some way or another to alter the differential *Chancen* of survival of different social relationships. Anyone can in such circumstances talk of the “selection” of social relationships—for example, that among states the “strongest” (in the sense of the “fittest,” the best adapted) prevails. It must be remembered, however, that this alleged “selection” has nothing to do with the selection of human **types** in either the sociological or the biological sense. In every single case, one must examine **reasons** for the displacement of *Chancen* for this or that form of social action and social relationship; or for the shattering of a social relationship; or for the basis for it being allowed to persist as compared with others. All these reasons are so many and various that no single expression seems appropriate. There is always a danger here of importing **evaluations** unchecked into empirical research, and above all, justifying the **success** of a single case where quite individual and “coincidental” reasons played the major part. There have been more than enough examples of this in the past few years. The fact that an actual or qualitatively specific social relationship has been

eliminated for reasons particular to a given situation proves nothing about its “adaptability” in **general** terms.

§9. A social relationship will be called a “communalisation” (*Vergemeinschaftung*)⁴¹ if and to the extent that the disposition of social action rests—in the individual instance, or on average, or as a pure type—on a subjectively **felt** (affectual or traditional) **mutual sense of belonging** among those involved.

A social relation will, on the other hand, be called “sociation” (*Vergesellschaftung*) if and to the extent that the disposition of social action is directed to a **balance** of rationally motivated interests (whether value rational or purposively rational), or to the **connection** of interests motivated in the same way. *Vergesellschaftung* can typically be based on rational **agreement** arrived at through mutual consent, but not exclusively so. In such a case, sociated action is rationally oriented (a) by value, to a belief in one’s **own** obligations; or (b) purposively rationally, to the expectation of loyalty from one’s **partner**.

1. This terminology echoes that distinction used by Ferdinand Tönnies in his pioneering volume *Gemeinschaft und Gesellschaft*. However, Tönnies used the distinction in a much more specific way than would be useful here for our purposes. The purest types of sociation are

- a) rigorously purposively rational, freely agreed **exchange** in a market; a current compromise between opposed, but complementary, interested parties;
- b) the pure, voluntarily formed, **association with specific aims** (*Zweckverein*), continuing purely in the pursuit, by intention and means, of its members’ material interests (both economic and noneconomic);

⁴¹ In *TSEO*, p. 136n65, Parsons draws attention to the difficulties inherent in translating *Vergemeinschaftung*, which derives from Tönnies’s distinction between *Gemeinschaft* and *Gesellschaft*. See the discussion in the Translation Appendix.

c) the voluntary association of individuals sharing a common value-rational **disposition** (*Gesinnungsverein*): a rational sect to the extent that it disregards emotive and affectual relationships, seeking only to dedicate itself to a “cause” (this, of course, only arises as an entirely pure type in very special cases).

2. **Communalisation** can have any kind of affective, emotional, or traditional basis. Examples are a religious brotherhood, an erotic relationship, a relation based on piety, a “national” association, or a military unit bound together by comradeship. The easiest example is that of the family community. The great majority of social relationships are **part** communalisation, **part** sociation. Even the most soberly conceived and directed purposively rational association (e.g., of retailer and customers) **can** evoke an emotional allegiance that transcends its chosen purpose. Any long-term social relationships between the same members of such a purposive association, but which transcend that association, a sociation that is not from the very first strictly limited to particular individual activities—for example, sociation within the same military unit, in the same school class, in the same office or workshop—tends in some way in this direction, although of course in quite various ways. By contrast all, or some, of those participating in a social relationship normally thought to be a communalisation can render its orientation, in part or in whole, purposively rational. The degree to which, for example, a “family” is felt by its members to be a “communalisation,” or might be exploited as a “sociation,” is quite variable. The concept of “communalisation” employed here is quite deliberately general, and hence covers a wide range of circumstances.

3. Communalisation is in the sense intended here normally the most radical opposite of “**conflict**.” But this should not divert our attention from the fact that it is quite normal for there to be violation (*Vergewaltigung*) of all kinds in the most intimate communalisations with respect to those who are more pliant emotionally, and that “selection” by type, leading to a diversity in *Chancen* of existence and survival, occurs within these communities in just the same way as anywhere else. By contrast, sociations are very often **purely** compromises between antagonistic interests, compromises that eliminate (or seek to eliminate) just one element of this antagonism, while leaving unaltered the existing conflict and **competition** over *Chancen* arising from it. “Conflict” and community are relative concepts; conflict can assume many forms, the means used being violent or “peaceful,” and the degree of ruthlessness with which such means are applied is likewise quite variable. And as has already

been stated, every order of social action, however constituted, in some way permits pure and actual **selection** to exist in the competition between different human types over life-*Chancen*.

4. Not every quality, situation, or behaviour shared in **common** engenders communalisation. For example, the possession of a common biological stock thought to be a “racial” characteristic naturally implies no communalisation among those so identified. External restrictions arising from the environment on marriage and commercial relations might well impose similarities arising from their common orientation to this external environment. But even if they react similarly to this common situation, this does not constitute communalisation, nor in itself does the mere “feeling” of sharing a common situation and its consequences do so. It is only when on the basis of this feeling that their behaviour is in some way **mutually oriented** that a social relation is formed among them, not only a relation between each of them and their environment, and it is only when this social relationship is registered as such that a “community” can be said to have formed. For example, besides Zionist-oriented circles and the activities of a few other sociations concerned with Jewish interests, Jews have relatively weak social relationships of this sort, and indeed Jews often repudiate the notion of a Jewish “community.” A common **language**, created by a similarity of tradition reinforced by family and neighbourhood, greatly facilitates mutual understanding, and hence the formation of all social relationships. But in itself, it implies no sort of communalisation; it only fosters intercourse among the relevant group—hence, the formation of sociations. It is **not** the existence of a common language that promotes communality, but rather a relationship between **individuals** based on interests of a particular kind; an orientation to the rules of a common language is primarily a means of mutual understanding, not a substantive basis for social relationships in itself. It is only the emergence of conscious differences with respect to third parties that place those in a linguistic community in a common situation, prompting a feeling of community and the formation of sociations whose conscious foundation rests on their common language. Participation in a “market” (see Chapter 2) is structured differently. A market creates sociational relationships between individual exchanging parties, and a social relationship (principally one of “competition”) between prospective exchanging parties, for in each case these agents have to orient their behaviour towards each other. But sociation only develops from this if some of the participants

seek to improve their competitive situation or reach agreement on ways to regulate and stabilise transactions. (The market and the commercial economy⁴² based on it is incidentally the most important type of mutual influence of action by naked **interests**, as is characteristic of the modern economy).

§10. A social relationship, whether communalisation or sociation, will be called **open** to outsiders to the degree that participation in the mutual social action oriented to the substantive meaning that constitutes such action is not proscribed by prevailing valid rules to anyone so inclined and able to participate. By contrast, a social relationship is **closed** to outsiders to the extent that its substantive meaning or its prevailing rules exclude such participation, or restrict or permit it only according to specific conditions. Openness and closedness can be defined traditionally or affectively, by value or by purposive rationality. **Rational** closure can in particular arise for the following reasons: admission to a social relationship lends participants the *Chance* that inward or external interests can be satisfied, whether this be on account of the purpose of the relationship itself or because of its successful prosecution, whether it arises from solidaristic action or from a balance of interests. If the participants anticipate that wider dissemination of the relationship will improve the degree, nature, certainty, or value of their own *Chancen*, then they are interested in the openness of the relationship; if on the other hand they anticipate that their own *Chancen* are improved by monopolising it, then they will be interested in closure against **outsiders**.

A closed social relationship can secure its monopolised *Chancen* to participants in a number of ways. Such allocation might be (a) **freely** arrived at, (b) **regulated** or rationed by degree and form, or (c) **appropriated**⁴³ on a more or less permanent basis by specific individuals or groups. This represents **internal** closure. Appropriated

⁴² For *Verkehrswirtschaft*, TSEO (p. 139) has “competitive economy.”

⁴³ See the discussion of Weber’s usage of *Appropriation* in the Translation Appendix.

Chancen can be called “rights.” According to the order concerned, such appropriation can be made (1) to those participating in particular communities and associations (e.g., communal households); or (2) to individuals, and here a distinction can be made between (a) purely personal appropriation, and (b) appropriation made in such a way that, in the event of the death of the person enjoying such *Chancen*, one or more persons linked to them by a social relation, by birth (kinship), or by designation succeeds to the appropriated *Chancen*. It can also be made by (3) the holder (a) transferring the *Chance* to a particular person, or finally, (b) transferring the *Chance* to any number of others in a more or less free manner through agreement (alienable appropriation). A party to a closed relationship will be called a **member** (*Genosse*), and where participation is regulated in such a way as to secure *Chancen* to that party, a **legal member** (*Rechtsgenosse*). *Chancen* that are appropriated to individuals through inheritance, or to heritable communities or associations, will be called **property** (of the relevant individuals, communities, or associations), and where appropriated as an alienable *Chance*, **free property**.

The apparently useless and “wearisome” definition of these circumstances is illustrative of the fact that what is “taken for granted” because tangible and familiar tends to be “thought” about least.

1. a) traditionally closed communities tend, for example, to be those whose membership is based on family relationships;
- b) personal relationships based on feelings tend to be affectively closed (relationships of an erotic or pious nature);
- c) communities that are closed with regard to value rationality tend to be communities of strict belief;
- d) economic organisations (*Verbände*) of a monopolistic or plutocratic character are typically closed and purposively rational.

A few examples can be cited here:

The extent to which a linguistic sociation is open or closed depends on content (light conversation as opposed to intimate or business communication).

The market relation tends in the main to be open. We can observe that many communalisations and sociations **alternate** between expansion and closure. This is true of guilds, for example, and also of the democratic cities of ancient and medieval times, whose members alternately expanded and contracted their number, sometimes seeking as great a number as possible as a means of securing their *Chancen* through power, while at other times they sought to restrict such growth in the interest of their monopoly. A similar process can be observed in monastic orders and sects, shifting from expansion in the interests of religious propaganda to restriction as a way of maintaining ethical standards, or for material reasons. There is a similar relationship between the extension of the market in the interest of greater turnover, and its monopolisation. Today, the interests of writers and publishers lead as a matter of course to greater uniformity of language (*Sprachpropaganda*), as contrasted to private languages formerly closed by social rank, or privy to particular persons.

2. The means and extent of regulation and external closure can be quite various, so that the transition from openness to regulation and closure is fluid. The most varied levels of condition for participation can be set: admission tests; probationary periods; the purchase of a share in the membership; election of new members by ballot, membership, or eligibility by birth (heritability), or by virtue of competitions open to anyone; or (where there is closure and the appropriation of rights) through the attainment of an appropriate right—membership conditions are graduated in a wide variety of ways. “Regulation” and outward “closure” are therefore relative concepts. An exclusive club, a theatre performance for which entry is by ticket, a widely advertised party rally, a church service open to all, the act of worship of a sect and a secret society—all sorts of transitions are conceivable.

3. **Inner** closure—among the agents themselves and in their relationship to each other—can also assume the most various forms. For example, a caste, a guild, or even a stock exchange association can be closed externally while at the same time offering free competition among members for the allocation of all *Chancen* so monopolized, or it might strictly allocate to each member *Chancen* with respect to clients or business prospects for life, or on a heritable and alienable basis, as in India. Or an externally closed agricultural community (*Markgenossenschaft*) may allow its members either free use of its resources, or allocate them strictly to individual households, while a closed group of settlers

might permit use of land in common, or assign specific holdings on a permanent basis. In all these cases, a wide variety of intermediate conditions can be found. Historically, closure of eligibility to fief, benefices, and offices within the group, and their assignment to those with right of enjoyment, has assumed a wide variety of forms, and can continue to do so. This is why the development of “works councils” **could** be, but does not **have to be**, the first step in a sequence where eligibility and the holding of positions in the workplace runs from the closed shop,⁴⁴ on the one hand, to a right to a particular position on the other; a preliminary stage for this is prohibition of dismissal without the agreement of workers’ representatives. Details of this must be reserved for substantive individual studies. The greatest extent of permanent appropriation occurs where particular *Chancen* are guaranteed to an individual, or particular groups of individuals such as households, clans, or families in such a way that

1. in case of death, their transfer to specified persons is regulated and guaranteed by orders; or

2. the possessor of such *Chancen* is free to transfer them to any third party, who **thereby** becomes a participant in the social relationship. This is, therefore, in the case of such **internal** appropriation, at the same time **outwardly** a relatively **open** relationship (to the extent that this relationship does **not** require the acquisition of membership to be subject to the agreement of other legal members).

4. The **motivation** for closure can be

- a) the maintenance of quality and also probably thereby of prestige, with the associated *Chancen* of honour and (probably) profit. Examples here are groups of ascetics, monks (especially the Indian case of mendicant orders), (Puritan!) sects, warriors, ministerial and other officials, political citizenry (e.g., in antiquity), craft guilds;

- b) the growing scarcity of *Chancen* in relation to consumption needs (the “margin for consumption”); monopoly of consumption (archetype, the agrarian community);

- c) the growing scarcity of *Chancen* of acquisition (the “scope for acquisition”): monopoly of acquisition (archetype—guilds, or the old fishery organisations, and so forth). The first motivation is usually found in combination with the second or the third.

⁴⁴ English in original, without quotation marks, as in *TSEO*, p. 142.

§11. A social relationship can, for those involved according to tradition or statute, have as a consequence

- a) that particular kinds of action are **imputed** by **each** participant to **all** (in “solidarity”), or
- b) the action of particular participants (“representatives”) can be **imputed** to the other members (“the represented”), such that they both enjoy the *Chancen* or bear the consequences.

Power of representation (authority) can be appropriated as prevailing rules dictate

- 1. completely, in all its forms and degrees (self-appointed authority), or
- 2. in accordance with particular criteria, whether permanently or for a specified period, or
- 3. by specific acts on the part of members or third parties, temporarily or permanently (statutory authority).

Whether social relationships (communities or societies) are treated as solidaristic or as representative is determined by a number of factors, and it can be said quite generally that the degree to which action is directed towards (a) violent conflict or (b) peaceful exchange is decisive here, while recognising that only individual studies would identify the numerous special circumstances critical to this issue. Naturally, this tends to follow the least where purely **ideal** goods are pursued with peaceful means. The degree of outward closure is often, but not always, linked to the incidence of solidarity or power of representation.

1. “Imputation” can imply in practice:

- a) Both passive and active solidarity: everyone is answerable for the action of one participant in the same way that each is answerable for their own; on the other hand, all have just as legitimate claim to the use of *Chancen* secured in that way. Responsibility can be towards spirits or gods, hence religiously oriented. Or it can be with respect to other humans, in this case regulated conventionally or legally—the former including blood feuds within clans or

reprisals against the inhabitants of a city or fellow nationals; the latter, the punishment of relatives or of fellow household members or of communal members, or personal liability on the part of members of a household or of a commercial partnership for each others' debts.—Solidarity in relation to gods has also had important consequences for ancient Israeli, Christian, and Puritan communities.

b) But it can also (at least!) only mean that those involved in a closed relationship governed by tradition or statute consider themselves **legally** entitled to the enjoyment of *Chancen* of whatever kind (especially economic *Chancen*) procured by a representative. Examples are the “validity” of powers of disposal exercised by the “executive committee” of an “association” or on the part of the representative of a political or economic organisation with respect to material goods that are intended to be used “for the purposes of the organisation.”

2. “Solidarity” is typically found

a) in traditional communities based on birth or the sharing of a common way of life (typical—the household and the clan);

b) in closed relationships that maintain monopolised *Chancen* by their own use of violence (typical—political organisations, especially in the past, but most extensively during wartime, including those of the present);

c) in sociations based on acquisition whose activity is conducted personally by its participants in person (typical—an open trading company);

d) in some cases, in societies based on labour (typical—the *artel*). “Representation” is most frequently encountered in organisations formed for a specific purpose, or statutory bodies, especially where funds have been collected for a specific purpose and require administration (more on this in my treatment of legal sociology).

3. Power of representation is conferred according to “criteria” when, for example, this occurs by seniority or some other rule.

4. The details of these circumstances cannot be dealt with here; they must be investigated in individual sociological studies. The most ancient and universal phenomenon here is that of **reprisal**, whether for purposes of revenge or of hostage taking.

§12. An **organisation** is an externally regulating limited or closed social relationship if the observance of its order is guaranteed by

the behaviour of particular persons charged specifically with its implementation, such as a **director** (*Leiter*) and, quite possibly, of an **administrative staff** that normally also has powers of representation, where appropriate. Control of the managing instance, or participation in the activity of the administrative staff—the “**governing powers**”—can be permanently, or temporarily, or for particular cases, assigned (a) by appropriation, or (b) by prevailing organisational orders, to particular persons, or to persons selected for particular characteristics, or to persons selected according to particular forms. “Organisational action” will mean (a) the legitimate action of the administrative staff itself in the realisation of the order by virtue of its governing powers or powers of representation; or (b) action by organisational participants **directed** by ordinances of the organisation.

1. Whether this involves a communalisation or sociation has no initial consequences for our conceptual definition. The presence of a “director” should suffice: a head of a household, chairman of an association, chief executive, prince, state president, or head of a church who is committed to the implementation of the organisational regime. For this specific form of **action** is oriented not simply to the order itself, but also to the **enforcement** of such **action**, and sociologically this adds an entirely new feature to the existence of a closed “social relationship.” For not every closed communalisation or sociation is an “organisation”—for instance, an erotic relationship or a leaderless clan community is not.

2. The “existence” of an organisation depends entirely on the “presence” of a director, and possibly of an administrative staff. To put it more exactly: on the existence of the *Chance* that there is **action** by specifiable persons whose meaning lies in the effort to execute the organisation’s orders and that there are therefore people “**committed**” to act in this sense. It is initially a matter of **conceptual** indifference whether this disposition arises from traditional, affective, or value-rational dedication (feudal fealty, loyalty to an office, or to a service), or from purposively rational **interests** (in a salary and so forth). In our terminology, an organisation is no more than the *Chance* that action will take its course oriented in the way described. In the absence of the *Chance* of

such action by a **staff** or a specifiable individual in the manner defined, there is in our terminology just a “social relationship” and no “organisation.” The organisation “exists” for as long as the *Chance* of such action being performed exists, sociologically speaking, **despite the change of personnel** who orient their action to the order in this way. (The purpose of this form of definition is to include exactly **this** circumstance.)

3. a) Besides the action of the administrative staff itself, or under its leadership, there may be other cases in which members’ action is intended to uphold the realisation of the order (contributions or personal services of all kinds serving the common good, such as jury or military service).

b) The prevailing order can also include norms to which the action of members should be oriented in **other** matters; for example, the laws of the state do not only enforce the prevailing organisational order, but secure “private economic” action serving individual interests, as in “civil” law. In the case of a), we can refer to “action related to the organisation,” whereas in b) we might refer to “action **regulated** by the organisation.” Only the action of the administrative staff itself, together with all planful action under its **direction**, should be called “organisational action.” “Organisational action” would, for instance, be engaged in by all those involved in a war that a state “waged,” or a contribution decided on by an association’s managing committee, or a “contract” concluded by the director and whose “validity” is compulsorily imposed on members of the organisation, and to which it is assumed all will conform (§11); also “legal proceedings” and “administration.” (See also §14.)

An organisation can be

- a) autonomous or heteronomous;
- b) autocephalous or heterocephalous.

Autonomy means that the order cannot (as in heteronomy) be subordinated to the statutes of outsiders, but only by members by virtue of being members (and regardless of how this is done). Autocephaly means that the executive and corporate staff act according to the directives of their own organisation and are not subject to directives (of whatever kind) from outsiders, as with heterocephaly.

An instance of heterocephaly occurs where Canadian provincial governors are appointed by the central government. A heterocephalous organisation can also be autonomous, and an autocephalous can be heteronymous.

An organisation can be **partly** the one, and partly the other, in both respects. Autocephalous German states were, despite their autocephalous status, heteronymous within the sphere of competence of the Reich, but autonomous in matters relating to church and school. Alsace Lorraine enjoyed a degree of autonomy within the German Reich before 1918, but was also heterocephalous since the governor was appointed by the Kaiser. All of these circumstances can coexist to a degree. An organisation that is entirely heteronymous **as well as** heterocephalous (such as a “regiment” within an army) can usually be said to be a “part” of a larger whole. Whether this is in fact the case or not depends on the actual **extent** of independence in the orientation of action in each individual case and is terminologically a pure matter of convenience.

§13. The statutory orders of a sociation may originate

- a) by voluntary agreement; or
- b) through imposition and compliance.

The governing power of an organisation may claim a legitimate power to impose new orders. The **constitution** of an organisation denotes the **actual Chance**—varying in degree, form, and preconditions—of compliance with the power of **imposition** enjoyed by the existing governing bodies. Prevailing rules might specify that among these preconditions particular groups or sections of the corporate membership be heard, or be called upon to express their agreement, in addition to which there are the most varied other possible preconditions.

An organisation's orders can be imposed on members and also, in particular **circumstances**, on nonmembers. Territorial circumstances are especially relevant here (presence, place of birth, performance of certain actions in the area). This is “territorial validity” (*Gebietsgeltung*). An organisation whose order is imposed primarily by virtue of territorial validity will be called a “territorial organisation,” regardless of the extent to which the claim of validity over its own members **only** has a territorial basis (which is possible, and at least occasionally occurs).

1. An imposed order in the sense used here is **any** order not established on the basis of a free personal agreement by all participants. This includes therefore a “majority decision” with which a minority complies. The legitimacy of a majority decision therefore (see later in the sociology of rule and law) often goes unrecognised for a long time or gives rise to problems (see, e.g., the position of medieval estates, or the Russian *obsnchina*⁴⁵ right up to the present day).

2. It is generally acknowledged that even formally “free” agreements are often in fact imposed (as in the *obsnchina*). As far as sociology is concerned, it is the **actual** nature of the relationship that is important.

3. The concept of “constitution” used here is the same as that used by Lassalle. It is not the same as a “written” constitution and is certainly quite distinct from the legal sense. The sociological question is simply: when, involving which objects, **within which boundaries**, and (probably) under which special conditions (e.g., approval on the part of gods or priests, or the assent of elected bodies) do the members of a corporate body accept the leadership of the executive, and under what conditions is the administrative staff and corporate conduct at its disposal when the executive “makes decisions,” or in particular, when the executive imposes orders.

4. The principal type of imposed “territorial validity” is in political corporate bodies: the norms of criminal law and many other “legal statutes” for which residence, birthplace, location of action, or place of realization, and so forth, in the territories of the organisation are preconditions for the application of the order.⁴⁶

§14. An order regulating the action of an organisation will be called an “**administrative order**.” An order that regulates other social action and **guarantees** to actors *Chancen* that such regulation

⁴⁵ A rural Russian community; see Steven A. Grant, “*Obshchina* and *mir*,” *Slavic Review* 35 (1976), pp. 636–51.

⁴⁶ See the concept of “territorial corporation” as used by Otto Gierke, *Das deutsche Genossenschaftsrecht*, Bd. 2: *Geschichte des deutschen Körperschaftsbegriffs* (Berlin: Weidmann, 1868), and Hugo Preuß, *Gemeinde, Staat, Reich als Gebietskörperschaften. Versuch einer deutschen Staatskonstruktion auf Grundlage der Genossenschaftstheorie* (Berlin: Springer, 1889).

creates will be called a **regulatory order**. Insofar as an organisation is oriented only to orders of the first kind, it will be called an “**administrative organisation**”; insofar as an organisation is solely oriented to the second, it will be called a regulatory organisation.

1. Of course, the majority of organisations include both characteristics. A **solely** regulatory order would, for instance, be the theoretically possible pure form of a state based on the rule of law, a regime of absolute laissez-faire that would naturally also involve the transfer of monetary regulation to the private sector.

2. On the concept of “organisational action,” see §12, no. 3. The concept of “administrative order” includes all rules that govern the behaviour of the administrative staff as well as that of members “in respect to the organisation,” as one says, behaviour that is directed to those ends whose attainment prescribed, **planfully** oriented action on the part of both administrative staff and organisation members strives to secure. In a pure communist economic system, practically **all** social action would fall under this category, whereas in a state strictly based on the rule of law only the action of judges, police authorities, jurors, and soldiers, and the activity of legislators and voters, would do so. In general—although not in every case—the boundary between administrative and regulatory orders coincides with the political distinction of “public” and “private” law. (More detail on this in the sociology of law.)

§15. Activity (*Betrieb*) is continuous **purposive** action of a particular kind; an **enterprise (*Betriebsverband*)** is a sociation with a continuous and purposively acting administrative staff.

An **association (*Verein*)** is a voluntary organisation whose statutes are valid only for those who are members by virtue of joining on a personal basis.

An **institution (*Anstalt*)** is an organisation whose statutes can, within a given domain, be (relatively) successfully imposed on all whose action has specified particular characteristics.

1. The concept of “activity” naturally includes the prosecution of political and ecclesiastical affairs and of associations so long as these are characterised by purposeful continuity.

2. “Association” and “institution” are both organisations with **rational** (planful) statutory orders. Or more exactly: an organisation should be called a “voluntary association” or an “institution” **insofar** as it has rational statutory orders. The prime instance of an “institution” is the state, along with all its auxiliary heterocephalous organisations—and the church, so long as its orders are rationally expressed as statutes. The orders of an “institution” make a claim of validity for all who **meet** particular characteristics (place of birth, residence, use of certain facilities), whether or not they have joined in person (as with an association), or contributed to the formation of the organisation’s rules. They are therefore **imposed** orders in a quite specific sense. The institution can in particular be a **territorial** organisation.

3. The contrast between an association and an institution is **relative**. The rules of an association can affect the interests of third parties, and recognition of their validity can then be imposed on such third parties, through usurpation or simply by the arbitrary power of the association, or by legal statute (e.g., the law regulating share dealing).

4. It hardly needs emphasising that “association” and “institution” do not exhaust **all** conceivable organisations. They are, furthermore, “polar” contrasts (e.g., as are “sect” and “church” in the religious domain).

§16. Power can be defined as every *Chance*, within a social relationship, of enforcing one’s own will even against resistance, whatever the basis for this *Chance* might be.

Rulership is the *Chance* that a command of a particular kind will be obeyed by given persons. **Discipline** is the *Chance* that, because of a practised disposition, a command will find prompt, automatic, and schematic obedience among a definite number of persons.

1. The concept of “power” is sociologically amorphous. Any conceivable quality of a person, and all conceivable constellations, can place someone in a

position of being able to enforce one's own will in a given situation. The sociological concept of "rulership" must therefore be more precise and can be used only in the sense of the *Chance*: that a **command** will meet with compliance.

2. The concept of "discipline" includes the "habituation" characteristic of uncritical and unresisting **mass** obedience.

The fact of rulership turns only on the presence of **one** person successfully issuing commands to **others**, independently of the existence of an administrative staff or of an organisation, although in all normal cases **one** of these is true. An organisation will be called a **ruling organisation** (*Herrschaftsverband*) insofar as its members are subordinated, by virtue of a valid order, to relationships of rule (*Herrschaftsbeziehungen*).

1. The head of a household rules without an administrative staff. The Bedouin chief raising tribute from caravans, persons, and goods passing his stronghold exercises domination by employing his followers as an administrative staff able to forcibly impose themselves on a changing and indefinite number of individuals who, though not common members of an organisation, find themselves in a common situation. (This kind of rule would also be theoretically conceivable where one person acted without any administrative staff.)

2. Thanks to the existence of an administrative staff, an organisation is always, to some extent, a ruling organisation. But the concept is relative. The normal ruling organisation is also as such an administrative organisation. The way the organisation is administered, the character of the persons doing the administering, by what means administrative functions are carried out, the objects administered, and the extent of its effective jurisdiction all determine the specific nature of the organisation. The first two of these are especially dependent on the way the **legitimate** basis of rule is founded. (On this, see Chapter 3.)

§17. A **political** organisation will be called a "ruling organisation" to the extent that its existence and the validity of its orders can be continually guaranteed within a given geographical **area** by the application and threat of **physical** coercion by an administrative staff. An **institutionally organised political enterprise** (*An-*

staltsbetrieb) will be called a **state** if, and to the extent that, its administrative staff can lay claim to a **monopoly of legitimate physical force** in the execution of its orders. Social action is “politically oriented,” especially also organisational action, when it is directed to influence over the leadership of a political organisation, in particular, the appropriation, expropriation, redistribution, or allocation of powers of government.

A ruling organisation will be called **hierocratic** where it guarantees its order through the employment of psychic coercion through the distribution or denial of religious benefits (hierocratic coercion). A **church** is a hierocratic **institutional enterprise** where its administrative staff lays claim to the **monopoly of legitimate hierocratic coercion**.

1. Violence is of course neither the sole, nor the usual, administrative means employed by political organisations. Their leaders have instead made use of all possible means for the realisation of their ends. But the threat of violent means, and possibly their use, is their **specific** means and always the last resort when other means fail. It is not **only** political organisations that have used, and do use, violence as a **legitimate** means, but just as much clans, households, guilds, and, in the Middle Ages, sometimes all who were entitled to bear arms. **Beside** the use of violence as a means of securing “order,” the political organisation is characterised by the manner in which its administrative staff claim rule over a definite **territory and** secure it by force. Where organisations make use of force—whether it is a village community, single households, or organisations of guilds or workers (“councils”)—they must **to this extent** be called political organisations.

2. Neither a political organisation, nor the “state,” can possibly be defined in terms of the **purpose** of its organisational action. In everything from the provision of food to the patronage of art—there is **no** conceivable purpose that political organisations have not at one time or another pursued, and none at all from the protection of personal security to the administration of justice. The “political” character of an organisation can therefore **only** be defined in terms of the **means** not necessarily unique to it, and sometimes becoming an

end in themselves, but all the same specific to it and **indispensable** to its nature: violence. Linguistic usage does not entirely conform to this, but without being made more precise, it is quite unusable. One talks of the “foreign exchange policy” of the Reichsbank, of the “financial policy” of the managers of an association, or of the “educational policy” of a commune and means by this the planful treatment and **execution** of a particular substantive matter. In a much more characteristic manner we separate from others the “political” aspect or implication of an issue or matter, or the “political” official, the “political” newspaper, the “political” revolution, the “political” club, the “political” party, and the “political” consequences of action; from others such as the economic, cultural, or religious aspects of the persons, affairs, or processes in question. By “political,” here we generally mean that which is linked to relations of rule related to (in our usage) a “political” organisation, the state. We refer in this way to factors likely to maintain, alter, overthrow, hinder, or promote the interests of the state, as distinct from persons, things, and processes that have nothing to do with it. This usage therefore seeks to bring out the features shared by the various **means** of exercising rulership within the state to enforce its order, abstracting them from the ends they serve. Hence, it is legitimate to claim that the definition made here is only a more precise form of common usage in that it sharply emphasises the most characteristic of those means: the actual or threatened use of violence. Of course, everyday language applies the term “political” not only to organisations that are the agents of the legitimate use of violence but also to parties and clubs that seek to influence the action of a political organisation quite peaceably. We wish to make a distinction here between this kind of “politically oriented” social action and genuine “political” action (the **organisational** action of political organisations as defined in §12, no. 3).

3. Since the complete development of the concept of the **state** is quite modern, it is best to define it in terms of the modern type, while at the same time abstracting from those changing substantive purposes with which we are familiar today. Formally characteristic of the modern state is an administrative and a legal order subject to change by statute, to which the organised activity of the administrative staff, likewise governed by statute, is oriented. This order lays claims to validity not only for its members—citizens, the majority of whom have acquired membership by birth—but also to a great extent over all action taking place under its jurisdiction. Today, the use of force is

considered “legitimate” only to the degree that it is permitted or prescribed by the state (e.g., reserving the “right of chastisement” to the head of the household as a survival of the former independent power of the head that stretched to a power to decide on life or death for children or slaves). This manner in which the state lays claim to the monopoly of violent rule is as essential a current feature as its character as a rational “institution” and continuing “organisation.”

4. In formulating the concept of a hierocratic organisation, we cannot use the **nature** of its prospective religious sanctions—worldly, otherworldly, external, inner—as decisive characteristics; rather, their ministration can form the basis for spiritual **rule over men and women**. What is most characteristic of the concept of church, even in common (and practical) usage, is that the forms of its orders and administrative staff are expressive of a rational, compulsory organisation and that it claims monopolistic rule. The **normal** striving of a church institution for monopoly suits its own hierocratic **territorial** rule and parochial territorial constitution, although from case to case the means through which this monopolistic claim is effected differ. But, just as for the political organisation, actual monopolistic rule over a given **territory** was not essential in former times, and is not at all so today. This “institutional” character, especially the circumstance that one is “born into” a church, distinguishes a “church” from a “sect,” whose characteristic feature is that of an “association” that admits on a personal basis only those who are religiously qualified. (More detail on this belongs in the sociology of religion.)

OVERVIEW OF CHAPTER TWO

CHAPTER 2 IS ORGANISED into forty-three paragraphs (forty-one plus two duplications), although as we shall see the basic division between definitional paragraphs and exposition established in Chapter 1 here becomes increasingly ragged. Weber begins the chapter with some prefatory remarks, noting that what follows is not “economic theory.” The purpose of this qualification is easy to explain: Friedrich von Wieser had already written the entry on “economic theory” for this handbook, the *Grundriss der Sozialökonomik*, in the very first part published in 1914.¹ Here Weber is doing something different, and alerting us to this fact. A link is then made back to Chapter 1 in the first paragraph, asserting that “all ‘economic’ processes and objects are identified as such entirely by the **meaning** that human action lends them,” a distinction being made between rational economic action directed to the acquisition of utilities and economically oriented action that is mainly oriented to other ends but which for one reason or another had to take account of economic provision.

§2 defines the object of economic activity as the acquisition of utilities. This clear focus firmly aligns Weber with the economics of his time in which subjective choice, balancing striving to acquire utilities against the effort required of the agent to realise this, had displaced the older emphasis on production and distribution. Although economic orientation could be traditional or purposively rational (§3), his attention is focussed on rational economic activity, which is in the detail of §4 repeatedly described as “planful” action, that is, action arising from an agent’s calculation of the means required to realise

¹ Wieser’s *GdS* contribution was translated and published as *Social Economics* (New York: Adelphi, 1927).

a given end. As in Chapter 1, this perspective on action is followed by an emphasis on the role of organisation (§5).

Instead of moving directly to elaborate this new perspective, as happened in Chapter 1, Weber then interpolates two paragraphs on money and credit and means of exchange, before moving to examine “market situation” and the various factors shaping this. §9 introduces the important principle that the formal rationality of economic action is determined by the degree to which it is technically possible, and the degree to which calculation can be applied to this. In §10, money is then described as the most complete means of economic calculation, making possible full appraisal of the relationship between means and the chosen end. Already Weber seems to have become somewhat diverted, for the definition of §10 takes up over twelve hundred words, while the subsequent exposition is less than six hundred words.

§11 turns to the issue of acquisition, that is, the acquisition of “chances of disposition” over goods (a conception taken from Carl Menger). Rational economic acquisition requires a particular form of monetary calculation: capital accounting. Here again, the definitional paragraph runs on for more than fourteen hundred words, but is then followed by a very dense discussion of the concept of capital and the nature of a market for capital. Since calculation is important for this, Weber next considers calculation “in kind,” addressing contemporary utopian arguments regarding the abolition of money, while at the same time recognising that capitalist enterprises would naturally make material comparisons—of hours worked, the amount of goods produced, the number of workers—alongside monetary calculations. In these few pages, Weber refutes the idea that the material calculations that had become the norm in a wartime economy could form the basis for a new postwar, postcapitalist economy.

Having established these points, Weber moves on in §13 to consider market competition and “effective demand,” linking this in §14 with the meeting of need through commercial exchange based on the separation of household and unit of production (one of the features of Western capitalism). Then in §15 he moves on to the division of labour, which is treated as the “distribution and connection of human effort for the purpose of producing goods.” While this might seem a long-winded way to describe the idea of division of labour that had been at the heart of Adam Smith’s *Wealth of Nations*, Weber uses it as a pathway to an elaborate classification of the rationalisation of work stretching

through to §20. Here attention turns to the appropriation of the products of this process and the emergence of the role of managers charged with maintaining the rationality of an increasingly ramified economic process (§21). This identification of the role of management is linked to the removal of control over the means of production from workers (§22) and the emergence of specialised occupations (§24). Following on from this there is a casuistry (Weber's term) of enterprise forms arising out of the foregoing, now in §24a amounting to over twenty-two hundred words, with one very brief expository passage. The structure of definition and exposition so marked in Chapter 1 has now disappeared, and everything is becoming definition. In fact, classification is displacing conceptual definition.

With §28, we have a change of direction: to the mediation of exchange by financial and nonfinancial organisations, and a related classification of trading relationships. With §29a, we arrive at banks, defined as enterprises that both create and administer money, and the direction of travel is towards a classification of monetary forms. §32 deals with the state and money, heavily influenced by Knapp's monetary theory, as well as by Knapp's attempt to construct an entirely new vocabulary for monetary forms and their mode of circulation.² Many pages are devoted to an increasingly arcane treatment of monetary forms, including a subsection directly addressed to Knapp's book. Here it is enough to point out that a substantial section of Chapter 2 is devoted to a discussion of money that appears entirely detached from the arguments leading up to it; this diversion is then halted and is abruptly redirected at §37, which deals with the financial needs of political organisations. From this is developed a discussion of the manner in which goods are allocated to individuals and the way that might, or might not, correspond to their interests; the chapter terminates here without any obvious conclusion.

Despite this apparent lack of conclusion, at least two things are made clear in Chapter 2 before Weber becomes transfixed by Knapp's monetary casuistry. First, he presented a developmental framework for forms of acquisition and exchange, production, labour, and management that can be seen as the analytical underpinning for the economic history lectures he was giving at the time he was drafting Chapter 2—lectures that led up to a concluding section

² Georg Friedrich Knapp, *Staatliche Theorie des Geldes* (Leipzig: Duncker und Humblot, 1905). Knapp believed that money was created by the state and was thus defined by law and policy.

on the emergence of capitalism in Western Europe. The expositional elaboration makes frequent use of historical material, but not the definitions themselves, which remain resolutely abstract. Second, Weber provides here a flexible developmental framework that can account for the emergence of Western capitalism, but towards which there is no inherent tendency. Chapter 2 can therefore be said to contain a developmental history of capitalism that represents how Weber wished the *GdS* had begun, but for which Karl Bücher had submitted yet another version of his stages theory of economic development.

But the chapter represents more than this. As is clear from the opening paragraphs, Weber was heavily indebted to Austrian economists, especially to Menger and Böhm-Bawerk, but in Chapter 2 he exploits their work to create a framework for the analysis of his leading problem: Why was it only in the West that capitalism took root and then developed into “the most fateful power of our modern life”? It has long been supposed that the *Methodenstreit* of the 1880s, between “abstract” Austrian economics and “historical” German economics, was resolved only by the displacement of the second by the first. In Chapter 2, Weber demonstrates instead that a synthesis was always possible.

Basic Sociological Categories of Economic Action

Preamble: The following does not involve any kind of “economic theory” but seeks only to define a few widely used concepts and determine some very simple sociological relationships within the economy. The manner in which concepts are here defined is, as before, determined purely by practical considerations. Terminologically, it has been possible to avoid the much-debated concept of “value.” Compared with Karl Bücher’s terminology,¹ some variation has been introduced in the relevant passages (on the division of labour [*Arbeitsteilung*])² where it seemed desirable for present purposes. All treatment of “dynamics” is for the time being set to one side.

§1. Action will be called “economically-oriented” inasmuch as its intended meaning is oriented to meeting (*Fürsorge*) a desire for utilities. “Economic activity” (*Wirtschaften*) will refer to a **peaceful** exercise of a power of disposition³ **primarily** oriented to “rational economic action,” which action is **primarily** rational by virtue of being directed to a purpose (*Zweckrational*), and hence is **planfully** oriented to economic ends. “Economy” is autocephalous economic action; “the pursuit of economic activity” (*Wirtschaftsbetrieb*)⁴ is **continuously** ordered (*betriebsmäßig geordnetes*) economic activity.

¹ In §§15–18 below.

² See the Translation Appendix for discussion of Weber’s terminology relating to the “division of labour.”

³ See the Translation Appendix for remarks on the term *Verfügungsgewalt*.

⁴ TSEO translates this as “economic organization” (p. 158), which links this usage to that of the “enterprise” and “unit of production,” but Weber’s term for “economic organisation” from

1. It has already been emphasised above (Chapter 1, §1, Section 2, Para. 2) that, in itself, economic action need not be social action.

The definition of economic action has to be as general as possible, while giving expression to the fact that all “economic” processes and objects are marked out as such entirely by the **meaning** that human action lends them—whether as end, means, restraint, or by-product. But it should certainly not be said, as occasionally happens, that economic action is a “psychic” phenomenon. The production of goods, or price, or even the “subjective evaluation” of goods—which are otherwise **real** processes⁵—are much more than “psychic.” While this expression involves a misunderstanding, it does, however, imply something correct: that they have a special kind of intended **meaning** and this alone constitutes the unity of the processes in question, and alone renders them intelligible.—The definition of “economic action” has also to be constructed in a manner that comprehends the modern acquisitive economy (*Erwerbswirtschaft*); it cannot therefore **be based on** “consumption needs” and their “satisfaction.” Instead, the definition should be based on two facts: first (and this also fits the naked endeavour to make money), that utilities are **desired**; and second (extending also to the pure subsistence economy,⁶ the most primitive economic form), that an effort will be made to secure the **meeting** of this desire (no matter in how primitive and traditional a manner).

2. “Economically oriented action” (*Wirtschaftlich orientiertes Handeln*), in contrast to “economic action” (*Wirtschaften*), will refer to any action that is (a) primarily oriented to other ends, but which in the course of execution takes account of the “economic circumstance” (the subjectively recognised necessity for economic provision), or which is (b) primarily oriented in this way, but which directly employs **violence** (*Gewaltsamkeit*) as a means. Thus, it includes any action that is neither primarily, nor peacefully, economically oriented, but that is influenced by that same economic circumstance. “Economic action” is therefore defined as a **subjective** and **primarily** economic orientation. (“Subjective” because it is a matter of belief in the necessity for such

Chapter 1 on is *Wirtschaftsverband*. Weber is here referring to ongoing economic action, as in *Trieb* (impulse, drive, urge), and the verb *treiben* (drift, impel, herd). See §15.2 below and the term *Betrieb* in the Translation Appendix.

⁵ *Vorgänge*. It can be noted here that Weber’s terminology is strongly processual—*Betrieb*, *Vorgang*, *Ablauf*, *Erfolg*.

⁶ *Bedarfsdeckungswirtschaft*: where economic activity meets agents’ immediate needs, but no more. See Translation Appendix.

provision, and not of the objective necessity of such provision.) Robert Liefmann rightly emphasises the “subjective” nature of the concept, that it is the **intended meaning** of the action that renders it economic action, but in my opinion, he is not right in suggesting that all other authors believe the opposite.⁷

3. Any kind of action can be economically **oriented**, even violent (e.g., warlike) action (wars of plunder, trade wars). Franz Oppenheimer⁸ has quite rightly contrasted “economic” with “political” means. It is in fact useful to distinguish the latter from “economy.” The pragmatics of violence contrast very strongly with the spirit of the economy as normally understood. **Neither** the direct and immediate confiscation of goods, nor direct and immediate forceful compulsion to adopt alien behaviour, should therefore be called “economic action.” Of course, **exchange** is not the **sole** economic means, but **one of many** means, even if one of the most important. And quite obviously, economically oriented, formally peaceable **provision** for the means and success of intended acts of violence (armament, war economy) is just as much “economy” as any other action of this kind.

All rational “policy” makes use of economic orientation in its **means**, while any policy can serve economic **ends**. While in theory not every economy requires the legal compulsion of the **state**, the particular conditions of our modern economy do require this guarantee with respect to the powers of disposition that the state provides. The threat of probable violence therefore secures the maintenance and execution of a guarantee of formal, “legal” powers of disposal. But an economy enjoying forcible protection of this kind is **not** itself an instance of the use of force.

⁷ The first section of Robert Liefmann, *Grundsätze der Volkswirtschaftslehre*, Bd. I: *Grundlagen der Wirtschaft* (Stuttgart: Deutsche Verlags-Anstalt, 1917), is entitled “The Present State of Economic Theory and Its Basic Error.” Liefmann suggests that all previous theories involve a faulty conception of economic phenomena (p. 67), and on p. 299 he is once more drawing the reader’s attention to the novelty of his own ideas, compared to what he deems the errors of all previous writers. This text essentially recapitulates the position Liefmann had taken in *Ertrag und Einkommen auf der Grundlage einer rein subjektiven Wertlehre. Ein wirtschaftstheoretischer Versuch* (Jena: Gustav Fischer, 1907), in which he presents a thoroughly confused account of the production and distribution theories of the mid-nineteenth century. See Roman Köster, *Die Wissenschaft der Außenseiter. Die Krise der Nationalökonomie in der Weimarer Republik* (Göttingen: Vandenhoeck und Ruprecht, 2011), pp. 108ff.

⁸ Franz Oppenheimer, *Theorie der reinen und politischen Ökonomie. Ein Lehr- und Lesebuch für Studierende und Gebildete* (Berlin: Georg Reimer, 1910), pp. 35ff.

However misconceived it might be to treat **economy** (however defined) conceptually as **solely** a “means,” in **contrast** to, for instance, the “state”—this makes clear that one can **only** define the state by describing the monopoly of (violent) means that it today employs. If it means anything, then in practice economy means the careful choice between **ends**; albeit **oriented** to the scarcity of means that appear to be available, or obtainable, for these various ends.

4. Not every action that is rational in its choice of means should be called “rational economic action,” nor even simply “economic action.” In particular, the expression “economy” should not be used interchangeably with “technology” (*Technik*). For us, the “technology” of action involves the precise nature of the **means** employed in that action, in **contrast** to the meaning or end to which it is substantively and ultimately oriented, “rational” technology being the employment of means that is consciously and planfully oriented to experience and reflection—and at the highest level of rationality, oriented to scientific thinking. Quite what counts substantively as “technology” is therefore fluid: the ultimate meaning of **substantive** action can, when placed in the **general** context of action, be of a “technological” kind, that is, a means in the sense of that more comprehensive context. For **substantive** action, however, it is this perceived technological outcome (*Leistung*) that lends it “meaning,” and the means employed to achieve this are its “technology.” In this sense, there is a technology for each and every type of action: the technology of prayer, ascetic technology, technologies of thinking and research, technologies of memory, educational technology, technologies of political or hierocratic rule, administrative technology, erotic technology, the technology of war, musical technology (e.g., of a virtuoso), the technology of a sculptor or a painter, legal technology, and so forth—and they are all capable of the most varied degrees of rationality. The existence of a “technological **question**” always implies that there is doubt about the most rational **means**. For technology, therefore, the measure of rationality is among others **also** the well-known principle of “least degree of force”: the optimum of the outcome by **comparison** with the means to be applied (and not “with the—absolutely—least means”). What appears to be the same principle also applies of course to the economy (and to any rational action in general). But there it has a different **meaning**. So long as, in our usage, technology remains purely “technology,” then it is addressed solely to the most suitable means for achieving **this** outcome, an outcome that simply

is a given, something to be achieved and over which there is no argument, **and** which is as such the comparatively most **physically** efficient (*kräfteökonomisch*) means of achieving **this** outcome, assuming the **same** completeness, certainty, and permanence. “Comparatively” here means the extent to which there exists a directly **comparable** degree of effort associated with the choice of different paths. Insofar as it here remains **purely** technology, it ignores other needs. If, for example, there is a choice about making a technically necessary part for a machine out of iron or platinum, then **assuming** that there was **actually** a sufficient amount of the latter available to achieve **this** substantive result, the choice would **only** take account of how the result could be achieved most completely, and for which of the two options other **comparative** expenditures (of labour, etc.) are minimised. But the moment that the relative scarcity of iron and platinum is considered in relation to their potential use—as today any “technician,” even in a chemistry laboratory, is accustomed to do—then the issue is no longer (in our sense) merely technologically oriented but also **economically oriented**. From the standpoint of “economic action,” “technical” questions mean that “costs” become an issue for debate. This is a constant and fundamental question for the economy, but it is a question that is always part of **its** domain of problems in the form: How can other needs be met (whether these be qualitative different current needs, or qualitatively similar future needs) if this means is now applied to **this** need.⁹ (The discussion in von Gottl, *Grundriß der Sozialökonomik*, Abt. II.2, is similar,¹⁰ detailed, and very good; Robert Liefmann, *Grundsätze der Volkswirtschaftslehre*, Bd. I, pp. 327ff., contains *nothing* new as compared with Gottl. It is an error to reduce all “means” to “ultimate physical effort” [*Arbeitsmühe*].)

For the question of what the comparative “cost” of employing different means for **one** technical end might be depends, ultimately, on the degree to which means can be substituted for each other (including, above all, **labour** power) in the realisation of differing **ends**. “Technologically” (in our sense) the problem is as follows: What kind of arrangements would have to be made to move loads of a particular kind, or haul mining products from a given depth,

⁹ In other words, the problem of opportunity cost.

¹⁰ Friedrich von Gottl-Ottlilienfeld, “Wirtschaft und Technik,” in *Grundriss der Sozialökonomik I Abteilung, Erstes Buch: Grundlagen der Wirtschaft. B. Die natürlichen und technischen Beziehungen der Wirtschaft* (Tübingen: J. C. B. Mohr [Paul Siebeck], 1914).

and which of them is the most “effective,” that is, which of them requires **comparatively** the **least** amount of **current** labour to achieve this end? This problem becomes an “economic” one with the question of whether (in a **commercial** economy [*Verkehrswirtschaft*]) such an expenditure in money is **repaid** through the sale of goods or whether (in a **planned** economy) disposal over the necessary labour and means of production can be achieved without impairing provision for **other** interests that might be considered **more important**. In either case, the problem involves the comparison of **ends**. Economy is primarily **ends**-oriented, to the **purpose** for which means are employed; technology is by contrast **means**-oriented, to the **means** employed for a given end. That a particular intended **use** underlies the engagement of technology is in principle a matter of complete indifference to the question of **technical** rationality—naturally, not a matter of indifference in actuality but at a purely **conceptual** level. There are rational technologies (in the sense used here) serving ends for which there is no kind of **want**. Someone could, for example, for sheer love of all things “technological,” employing the most modern means of production, create **atmospheric air**, without there being the least objection to the **technological** rationality of their endeavours; **economically**, such a project would be, in all normal conditions, irrational, there being no kind of need that might be met by supply of this product. (On the foregoing, see Gottl-Ottlilienfeld, *GdS* II.2.)¹¹ The economic orientation of today’s so-called technological development to profitability is one of the basic facts of the history of technology. Despite its fundamental importance, however, it was **not** this economic orientation that exclusively directed the developmental path of technology; in part, there has also been the play and rumination of unworldly ideologies, in part of interests in the afterlife or other fantasies, in part of artistic problematics and of other extra-economic motives. But long since, and even more today, the emphasis lies on the economic determination of technological development; without rational calculation as the basis of the economy and without extremely specific and concrete economic historical conditions, even a rational technology would never have arisen.

That we did not right from the start **explicitly** address this contrast between economy and technology follows from the sociological point of departure.

¹¹ von Gottl-Ottlilienfeld, “Wirtschaft und Technik,” pp. 199–381.

From the existence of “continuity,” there follows pragmatically for sociology the evaluation of alternative ends against each other, and of these ends against “costs” (insofar as this involves anything other than the relinquishment of one end in favour of a more urgent one). By contrast, an **economic** theory would do well to incorporate this point **immediately**.

5. The attribute of power of **disposal** must not be omitted from the sociological concept of “economic action,” for an acquisitive economy (*Erwerbswirtschaft*), if not other forms, operates entirely in terms of contracts of exchange; hence the planful acquisition of powers of disposal. (Through this the relation to “law” is established.) But any other organisation of the economy would involve **some** kind of actual distribution of powers of disposal, although according to principles quite different from those prevailing in modern private enterprise (*Privatwirtschaft*) where the powers of disposal provide a **legal** guarantee to autonomous and autocephalous **individual** enterprises (*Einzelwirtschaften*). Either the **executive** (*die Leiter*) (socialism) or the **members** (anarchism) have to be able to count on the power of disposal over available labour and utilities; that can be concealed terminologically, but it cannot be analysed away. Exactly how such disposition is secured—whether by convention or law—or perhaps is superficially entirely unsecured save de facto by virtue of custom or self-interest; this is all **conceptually** irrelevant, however indispensable **legally** enforceable guarantees might be for the modern economy. The conceptual indispensability of that category for the economic consideration of social action does not therefore imply a **conceptual** indispensability for the **legal** order of powers of disposal, no matter how indispensable these might seem empirically.

6. The concept of “power of disposal” here also means the (factual or otherwise guaranteed) possibility of disposition over one’s own **labour power** (e.g., in the case of slaves this cannot be taken for granted).

7. A **sociological** theory of the economy is **directly** compelled to include the concept of “good” among its categories (as is done in §2). For sociological theory is concerned with the kind of “**action**” that derives its specific **meaning** from the **outcome** of deliberations on the part of the economic actor (which deliberations can only be isolated theoretically). Economic theory, which provides the foundations for the theoretical insights of economic sociology—however much the latter might be forced to create its own structures—**can** (perhaps) proceed differently.

§2. By “Utilities” (*Nutzleistungen*) will always be meant those concrete (real or putative) *Chancen* of present or future possible uses that one or more economic agents deem **solely** appropriate to become objects of provision, to whose presumed significance as means capable of serving the economic agent’s or agents’ ends his (or their) economic activity is consequently oriented.

Utilities can be services (*Leistungen*) realised either by a human or a nonhuman (material) intermediary (*Träger*). These latter **material** intermediaries for utilities, of whatever kind, are called “goods,” whereas human utilities, insofar as they arise from actual action, are called “services.” Social relationships are also the object of economic consideration insofar as they are thought to represent a possible source of present or future powers of disposal over utilities. “Economic *Chancen*” are opportunities that arise through custom, interests, or a (conventionally or legally) guaranteed order with respect to an **economy**.

Compare Böhm-Bawerk, *Rechte und Verhältnisse vom Standpunkte der volkswirtschaftlichen Güterlehre* (Innsbruck, 1881).¹²

1. Material goods and services do not exhaust the range of those relationships in the wider world of importance to the economically active person, and which can be an object of provision for that person. There are numerous and varied modes of action—such as the relation of “customer loyalty” or the toleration of economic measures by those who could obstruct them—that can have the same degree of significance for the economic agent and likewise be an object of economic concern and of, for example, contracts. But if these factors were included in the definition of one of these two categories, it would only render our concepts less precise. Our conceptual approach is therefore directed only by practical considerations.

2. As Böhm-Bawerk has properly emphasised, our concepts would likewise become imprecise if we called, without discrimination, all perceptible

¹² See the Translation Appendix for a discussion of Böhm-Bawerk’s introduction of the term *Nutzleistung*.

phenomena of everyday life and language “goods,” hence equating the concept of “good” with material utilities. Strictly speaking, it is not the “horse” or the “iron bar” that constitutes the utility; what is thought worthy of desire is their **estimated** and **supposed** possibilities of employment, as a means of towage or carriage, or some such. And those factors that function as *Chancen* for economic **transactions** (in buying and selling, etc.) such as “customers,” “mortgage,” and “property”—are most certainly not goods according to this terminology. But the services offered by a (traditional or statutory) order through the prospect of, or the guarantee of, these *Chancen* of disposition of an economy over material and personal services will, **for the sake of simplicity**, be called “economic *Chancen*” (or simply *Chancen* where this is unambiguous).

3. It is again simply for practical considerations that only positive action will be characterised as a “service” (and so not the “toleration of,” “permission for,” or “refraining from” action). But from this it follows that “goods” and “services” do not exhaust the classification of **all utilities** thought economically significant.

On the concept of “labour,” see below, §15.

§3. Economic orientation can be traditionally or purposively rational. Even where action has been extensively rationalised, the influence of tradition remains relatively important. As a rule, rational orientation bears primarily on **managerial** action (see §15), whatever the nature of this management might be. The emergence of rational economic action out of an instinctive and reflexive search for food, or from traditionally accepted inherited technologies and customary social relations, has, to a great extent, been influenced by noneconomic, extraordinary events and deeds, along with the pressure of necessity where there has been an increasingly absolute or (recurrent) relative constraint on the provision of subsistence.

1. Naturally, so far as scholarship is concerned there is **in principle** no such thing as an “economic state of nature.” It would be possible to agree on the convention of positing and analysing as such a natural state an economy of a

specific **technical** level: one with the least conceivable endowment of **tools**. But we have no justification for the presumption, based on the economic activity of contemporary remnants of primitive peoples lacking in tools, that all past human groups at the same technological stage conducted themselves in the same way (as, e.g., the Vedda, or some tribal groups in the Amazon basin). From the purely economic perspective, at this stage the possibility existed both of concentrating labour in large groups (see §16 below), or alternatively, of fragmenting into small groups. Besides the imperative of natural economic constraints, the choice between the two could also be impelled by quite varied extra-economic (e.g., military) considerations.

2. War and migration are of course not of themselves economic processes—even if they were in early modern times primarily economically oriented—but they have, right up to the present, often brought about radical changes to the economy. Human groups have responded in very different ways to the increasing **absolute** constraint on subsistence imposed by climate, desertification or deforestation, depending on the structure of their interests and the influence of noneconomic interests; typically, they have cut back both their subsistence needs and their absolute numbers. The response to an increasing **relative** constraint linked to a given level of material existence and the distribution of *Chancen* for **gain** (see §11 below) has likewise been quite varied, but generally the latter has been met with increased economic rationalisation more frequently than the former. But one cannot generalise on this basis. Although we do not know how far these figures are to be relied on, the massive increase in the Chinese population since the early eighteenth century has had the opposite result to the same and entirely contemporary phenomenon in Europe, for reasons that can, to some extent, be explained. The chronic limitation to subsistence in the Arabian desert has only at certain stages led to change in the political and economic structure, and most strongly when accompanied by extra-economic (religious) developments.

3. The strong and enduring traditionalism that, for instance, marked the conduct of life among early modern craftsmen (*Arbeiterschichten*) presented no obstacle to the rapid increase in the rationalisation of acquisitive economic activity (*Erwerbswirtschaften*) through capitalist management, nor for example to the fiscal and social rationalisation of state finances in Egypt. (Nevertheless, it was that traditional conduct in the Occident whose relative supersession

first made possible the **further** development of a specifically modern, rational capitalist economy.)

§4. Typical¹³ measures of **rational** economic activity are:

1. The planful distribution between present and future (saving) of those utilities on which the economic agent, for whatever reason, believes he can rely.
2. The planful distribution of available utilities among several possible employments ordered according to their estimated significance—according to their marginal utility.

These (strictly speaking “static”) cases achieved their greatest extent in times of peace, and today mostly arise in the form of the allocation of **money** incomes.

3. The planful procurement—manufacture and transport¹⁴—of those utilities for which **all** such means of procurement are at the disposition of the economic agent. A specific act is rational when the estimated urgency of a desire for an anticipated outcome **exceeds** the estimated requisite outlay, that is, (1) the requisite exertion; but also (2) the other possible uses of the goods concerned, hence the alternative technologically possible final products (this is production in the broader sense, including **transport** services).
4. The planful acquisition of secure powers of disposal or associated powers of disposal over such utilities that
 - α. are themselves at the disposal of others, or
 - β. whose means of procurement are at the disposal of others; or which

¹³ “Typical” should be understood here and below not in its generic sense of being the norm, but as a reference to Weber’s conception of “ideal type.” Something is “typical” not simply by virtue of its frequency, but because it is typified or typifiable.

¹⁴ *Beschaffung*, *Herstellung*, and *Herschaffung*: see the Translation Appendix.

- y. are subject to such competition from others as might tend to jeopardise provision for oneself—

by forming a sociation (*Vergesellschaftung*) with the current holder of the power of disposal or with competing providers.

Such an associative relationship with the current alien holder of powers of disposal can be effected

- a) through the formation of an organisation (*Verband*) to whose order the procurement or use of utilities should be oriented;
- b) through **exchange**.

With respect to a): the ordering idea of an organisation can be:

- α. The rationing of procurement, of use, or of consumption to restrict competition with regard to means of procurement (a regulatory organisation);
- β. The creation of a unitary power of disposal concerned with the **planful** administration of those utilities hitherto held separately (an administrative organisation).

With respect to b): exchange represents compromise between the interests of exchanging partners, in which goods or *Chancen* are given as mutual compensation. Exchange can be

1. traditional or conventional, hence (in the second case) not economically rational; or
2. sought and concluded according to a rational economic orientation. Every rationally oriented exchange concludes a hitherto open or latent conflict of interest by compromise. The contest over exchange between interested parties, which finds its conclusion in compromise, is always directed first as a contest over price with the prospective party considered to be an exchange partner (the typical means employed here is haggling). Second, it is also a competitive context, with real or possible, present or future anticipated third-party prospective buyers with whom there is competition over procurement (the typical means here is under- and overbidding).

1. An economic agent has exclusive disposal of utilities (goods, labour, or other such bearers of utility) where their use, more or less at will, without the intervention of third parties, can **in fact** be freely relied on (at least relatively so); whether this *Chance* depends on a legal order, convention, custom, or given interests is of no account. Mere legal security of such disposal is in no respect the exclusive **conceptual** precondition for economic activity, even if this is today the actual empirically indispensable precondition with respect to **material** means of procurement.

2. Incomplete fitness for consumption can also be due to the spatial distance of goods fit for consumption from the place of consumption. Goods **transport** (as opposed to **trade** in goods, which involves a change of **powers of disposal**) can therefore here be treated as a part of “production.”

3. Where personal disposal of utilities is lacking, it is in principle irrelevant how the economic agent is **typically** prevented from forcefully gaining access to the powers of disposal of another—whether this be through a legal order, by convention, or through intrinsic interests, or through established custom or by consciously cultivated conceptions of morality and good conduct.

4. Competition in procurement can take the most various forms. This is especially true of provision through occupation: hunting, fishing, felling timber, pasture, and land clearance. It can also, and especially, occur within an organisation closed to the outside world. The measures adopted in this case are always: rationing of provision, regularly linked to the allocation¹⁵ of procurement *Chancen* guaranteed in this way to a definite and limited number of individuals or (usually) householding groups (*Hausverbände*). All agricultural and fishery cooperatives, the regulation of common rights of land clearance, of pasturage, and of woodland, the “manuring” of alpine pasture, and so forth, are of this type. All kinds of heritable “property” in usable land have developed from this.

5. Exchange can include anything that can in some way be “transferred” into the possession of another and for which a partner is prepared to make compensation. It is not therefore confined to “goods” and “services,” but in-

¹⁵ As in Chapter 1 §10, “appropriation” is used here by Weber more in the sense of allocation—while appropriation in its usual sense implies action on the part of agents (see Translation Appendix). To clarify the exact sense here, “allocation” is substituted, although elsewhere below Weber’s usage is adhered to.

cludes economic *Chancen* of all kinds, such as regarding a “clientele” access to which depends entirely on custom or interest, without any kind of guarantee. And extending of course to all *Chancen* that are in some way **guaranteed** by a particular order. The objects of exchange are not therefore only actually existing utilities. Provisionally, for our purposes, in the widest sense exchange includes **every** offer based on a formally free agreement of existing, continuing, current, or future utilities, of whatever kind, for reciprocal recompense of whatever nature. It can, for example, involve the dedication or disposition of utilities or money for a consideration¹⁶ against the future return of similar goods; or the procurement of some kind of permission; or the surrender of the “use” of an object against a “rent” or a “lease,” or the leasing of services of all kinds against a wage or salary. For the time being, we will leave to one side the fact that today, from the sociological point of view, this last-named procedure means for the “worker” as defined in §15 subjection to the authority of a ruling organisation, together with the distinction between “loan” and “purchase,” and so forth.

6. The conditions of exchange can be traditional, and hence conventional, or they can be determined rationally. Conventional acts of exchange were the exchange of gifts by friends, heroes, chiefs, or princes (e.g., the exchange of armour between Diomedes and Glaucus), which, it should be said, were not infrequently strongly rational in orientation and control (cf. the Tell el-Amarna letters).¹⁷ Rational exchange is only possible if **both** parties hope for advantage therein, or if one party is under duress through privation or lack of economic power. Exchange can (see §11) be entered into for the purposes of provisioning *in natura*, or of acquisition; hence, personally providing the exchanging party or parties with a good, or alternatively, being oriented to *Chancen* for profit in a market (see §11). In the former case, the conditions of exchange are mostly defined individually, and hence in **this** sense are irrational: the importance of household surpluses are, for example, assessed with respect to their **individual** marginal utilities for the particular household economy in question, and prob-

¹⁶ “Consideration” is used here in the (English) legal sense: a sum of money that ensures the reciprocity of an exchange.

¹⁷ Clay tablets discovered during the 1880s in central Egypt that were part of the administration’s diplomatic correspondence in the mid-fourteenth century BC.

ably given a low value in exchange—while the passing demands of the moment do sometimes have a very great influence on the marginal utility of goods sought in exchange. The limits on exchange set by marginal utilities therefore fluctuate very greatly. **Rational** competition through exchange can only develop with respect to goods that are actually on the market (for this concept, see §8), and finds its most elaborated form where goods are employed or offered for exchange on an acquisitive basis (see §11).

7. The interventions of a regulatory organisation noted in a)α are not its sole **possible** actions, but rather those that need to be dealt with here, since they arise most directly from a vulnerability in the meeting of **needs**. The regulation of sales will be dealt with later.

§5. An economically oriented organisation can, depending on its relation to the economy, be either

- a) an organisation engaged in economic activity (*wirtschaft-tender Verband*)—if the orientation of the group's primarily noneconomic activity also includes such economic activity;
- b) an economic organisation (*Wirtschaftsverband*)—if the activity being regulated by the order of the organisation is **primarily** autocephalous economic activity of a particular kind;
- c) an organisation regulating an economy (*wirtschaftsregulier-ender Verband*)—if and to the extent that the autocephalous economic activity of members of the group is **materially** and heteronomously oriented to the order of the organisation; or
- d) an ordering organisation (*Ordnungsverband*)—if the order only **formally** provides norms in the form of rules for the autocephalous and autonomous economic activity of the organisation's members, and the *Chancen* thereby gained guaranteed.

The material **regulation** of economic activity finds its factual limit where the continuation of a particular economic behaviour remains compatible with the vital subsistence interests (*Versorgungsinteressen*) of the regulated economic activity.

1. Organisations engaged in economic activity are the “state” (although **not** a socialist or a communist state) and all other organisations (churches, associations, etc.) having control of their own financial organisation, but also, for instance, educational institutions that are not primarily economic unions (*Genossenschaften*), and so forth.

2. Economic organisations are, of course, in the sense of the terminology used here, not only those organisations commonly identified as such, as, for example, business organisations and stock companies, consumer associations, *artels*,¹⁸ cooperatives, cartels, but also in general all those “enterprises” that bring together the action of several persons, from the workshop shared between two craftsmen to a conceivable worldwide communist association.

3. Organisations regulating an economy are, for example, rural cooperatives, guilds, corporations, trade unions, employers’ associations, cartels, and all organisations whose leadership directs an “economic policy” that materially regulates the substance and goal of economic activity, hence medieval villages and towns that were driven by a policy of this kind just as much as is the modern-day state.

4. A purely ordering organisation is, for instance, the state based on the rule of law (*Rechtstaat*), which allows the economic activity of individual households and enterprises to be conducted entirely autonomously, and regulates the conduct of freely agreed exchange obligations only in the formal sense of adjudicating disputes.

5. The existence of organisations that regulate economies and provide order presupposes in principle the (varying degree of) autonomy of economic agents. In other words, in principle it presupposes a freedom of economic agents to make whatever dispositions they wish, subject to varying degrees of restraint imposed by statutes to which the agents must orient themselves. This implies the (at least relative) allocation (*Appropriation*) of economic *Chancen* to those who have autonomous disposal over them. The purest type of ordering organisation therefore exists where all **human** action is substantially autonomous and is only oriented to formal statutory conditions, where all **material** bearers of utilities are fully **appropriated** in such a way that there is free disposal over them, especially with regard to exchange, which conditions correspond to the

¹⁸ A Russian cooperative organisation combining, for example, fishermen or pastoralists; an industrial collective in the broad sense.

typical form of modern property holding. Any other way of delimiting appropriation and autonomy involves economic regulation, since it constrains the orientation of human action.

6. The distinction of economic regulation from a simple ordering organisation is fluid. For the nature of a “formal” order can (and must) in some way materially influence action, and in some circumstances very materially. Numerous modern legal statutes that purport to be no more than formal rules are so constructed that they do indeed exert such an influence (this will be discussed in the treatment of legal sociology).¹⁹ Moreover, a genuinely rigorous limitation to **pure** statutory conditions is only possible in theory. Many “compelling” legal principles—and such rules can never be dispensed with—imply in some way or other important restrictions for the mode of **material** economic activity. The “enabling provisions” (e.g., in the law governing shareholding) do, in some cases, involve quite tangible limitations to economic autonomy.

7. The **limitation** of the effects of material economic regulation can be expressed as (a) the cessation of various kinds of economic activity (the cultivation of land only for private use occasioned by sales taxes); or (b) factual evasion (covert trading).

§6. A **means of exchange** is a material object accepted in an exchange that is typically and **primarily** oriented to the persisting **chance** that it can, for the foreseeable future, be given in exchange for other goods; presuming that this exchange corresponds to the interest of participants, whether this exchange be for all such goods (general means of exchange) or only for particular goods (specific means of exchange). The *Chance* of acceptance in a calculable exchange relationship for other (specifiable) goods will be called the “material validity of the means of exchange in relation to these goods,” and “**formal** validity” its employment in exchange as such.

¹⁹ This elaboration is not contained in the surviving draft (MWG I/22-3), and is an indication of Weber’s plans for the later sections of *Wirtschaft und Gesellschaft* that were never completed.

A typical object will be called a **means of payment** inasmuch as its use **guarantees**, conventionally or legally,²⁰ the valid fulfilment of particular agreed on or imposed obligations (the **formal** validity of means of payment, which **can** at the same time mean its **formal** validity as a means of exchange).

Means of exchange or of payment will be called **chartal**²¹ if they are artefacts that have, within a personal or regional domain, been lent a conventional, legal, agreed on, or compulsory degree of formal validity and that have been broken down into **specific units**, that is, have a specific nominal value, or are either a multiple or a fraction of this value, purely mechanical **calculation** in terms of this nominal value being thereby facilitated.

Money is a chartal means of payment that is a means of exchange.

An organisation may be capable of conventionally or legally (**formally**) enforcing to a relevant degree, within the domain under its own control, the validity of means of exchange, means of payment and money, and to the extent that it is capable of so doing, it will be called an “exchange,” “payment,” or “money organisation validating the money, means of exchange, and payments internal to the group.” Means of exchange employed in transactions involving nonmembers of the group will be called “external means of exchange.”

Nonchartal means of exchange and payment are those that are *in natura*. These can be differentiated as follows:

- a) technologically
 - 1. with respect to the natural good that they represent (especially jewellery, clothing, useful objects, and apparatus); or

²⁰ This distinction is important for the later discussion of Knapp.

²¹ Knapp created the neologism “chartal money” to emphasise that one can only make payments with money forms marked in a particular way and whose function is solely as a means of payment: “The definition of money is: chartal means of payment.” Georg Friedrich Knapp, *Staatliche Theorie des Geldes* (Leipzig: Duncker und Humblot, 1905), p. 31.

2. according to their use or otherwise by weight
(*pensatorisch*);²²

b) economically: according to their employment—

1. primarily for purposes of exchange or of status (the prestige conferred by ownership);
2. primarily as a means of domestic or foreign exchange, or as a means of payment.

Money and means of exchange and payment are tokens (*zeichenmäßig*) insofar as they do not (as a rule, no longer) possess value on their own account beyond their use as a means of exchange or of payment;

and substantial (*stoffmäßig*), insofar as their **material** valuation is, or **can be**, influenced by estimation of their employability as usable goods.

Money is either

- a) monetary (coinage) or
- b) paper (legal instrument).

Paper money tends to conform to the pattern of monetary coinage, or its nominal values are historically related to such coinage.

Coin will be called

1. **free money** or **commercial money** (*Verkehrsgeld*) when at the initiative of a possessor of monetary material an issuing office is prepared to transform it into any desired amount of chartal coinage, hence such payment is oriented to exchanging parties' need for means of payment;
2. **restricted** or **administrative money** if transformation into chartal form depends primarily on the agreement of an organisation that, while formally free, is primarily oriented

²² Another of Knapp's neologisms, distinguishing between chartal money, whose formal denomination makes them a money form, and pensatorial money, whose value is given by their weight. See *Staatliche Theorie des Geldes*, pp. 67f.

to the material financial needs of the group's administrative **executive**, and is effected at its will;

3. **regulated** if, although restricted, the nature and extent of the creation of money is effectively regulated by norms.

A legal instrument functioning as paper money will be called a **circulating medium** if its acceptance as "provisional" money is oriented to the *Chance* that its exchange on demand for "definitive" coin or a given weight of monetary metal is secured under all normal conditions. It is called a **certificate** if this is defined by regulations securing **complete** cover in coin or metal for reserve holdings.

Scales of exchange or payment will refer to the conventionally or legally obligatory reciprocal values of particular means of exchange and payment *in natura* within an organisation, laid down as a fixed tariff.

Currency is the money form that a monetary organisation endows as such as a means of payment with unlimited validity; **monetary material** is the material from which a money form is made; and **currency metal** is the same in the case of money used in commerce. The **monetary tariff** is the valuation underlying the division and denomination of money forms differing in natural material or administrative uses; the **currency relation** is the same with regard to money used in commerce but being composed of differing materials.

Intercurrency means of payment is that means of payment that ultimately (if payment is not deferred) serves to settle transfers between different monetary authorities.

Every new ordinance of a monetary organisation is inevitably based on the fact that particular means of payment have been used for debt. The ordinance either legalises the means of payment or—through the forcible introduction of a new means of payment—recalculates units that had hitherto been denominated in kind, by weight, or as chartal forms into the new units (the principle of the so-called historical definition of money as a **means of payment**).

Here we leave to one side entirely the extent to which such an ordinance affects the substitutability of money as a means of exchange involving goods.

It should be emphasised here that these remarks are not intended as contributions to a “theory of money,” but seek to establish as simple a terminology as might be possible for future use. Furthermore, we are primarily concerned here with certain quite elementary **sociological** consequences of the use of money. (The material theory of money I generally find most acceptable is that of von Mises. G. F. Knapp’s *Staatliche Theorie des Geldes*—the greatest achievement of monetary economics—brilliantly fulfils its **formal** demands, but for material issues related to money, it is incomplete; see below. **Here** we leave to one side its very welcome and terminologically valuable casuistry.)

1. Means of exchange and of payment have often coincided historically, but not always. This does not apply in primitive stages, for instance. The medium of payment with respect to dowries, tribute, obligatory gifts, fines, wergild, and so forth, are often clearly defined by convention and in law, but without regard to the actually existing medium of **exchange**. Von Mises’s claim in *Theorie des Geldes und der Umlaufmittel*²³ that even the state only seeks a means of payment so that it can be used as a means of exchange is only true of circumstances in which an organisation’s budget is expressed in **monetary** terms. It does not apply to cases in which the possession of particular means of payment were primarily a mark of social rank (on this, see H. Schurtz, *Grundriß einer Entstehungsgeschichte des Geldes*).²⁴ With the initiation of state monetary **statutes**, means of payment became the legal concept, and means of exchange, the economic concept.

2. The boundary between a “commodity” bought **only** with a view to future *Chancen* for resale and a “means of exchange” is apparently a fluid one. In fact, certain objects tend to monopolise so exclusively the means of exchange function that their role as such is unambiguous—and this is true even under otherwise primitive circumstances. (In this sense, “wheat futures” will find an

²³ Ludwig von Mises, *Theorie des Geldes und der Umlaufmittel* (Munich: Duncker und Humblot, 1912), pp. 54f.

²⁴ Published in 1898 (Weimar: Emil Felber).

ultimate buyer, but are not a means of “payment,” nor even of “exchange,” nor are they entirely “money.”)

3. The origin and nature of a means of exchange is in itself (so long as chartal money does not exist) mainly defined by custom, interest, or conventions of every kind to which the agreements of exchanging parties are oriented. The foundations from which a means of exchange acquired this quality will not be treated in detail here, but they were quite various, altering in line with the nature of the particular exchange in question. Not every means of exchange was necessarily universally applicable to every kind of exchange (not even within the circle that employed it as such)—cowry “money” was, for instance, not a specified means of exchange for women and cattle).

4. “Means of payment” that were **not** the usual “means of exchange” have sometimes played a considerable role in the advancement of money to its particular position. The “fact” that debt existed (G. F. Knapp)—tribute debt, dowry and bride price debt, conventional presents owed to kings or between kings, wergild debt—and that this often (although not always) had to be settled with particular kinds of goods, whether this was conventionally or legally enforced, lent these kinds of goods a special status. Not infrequently, the form of such artefacts was specified.

5. A one-fifth shekel piece stamped by a trading house (as recorded in Babylonian documents) could serve as “money” in the sense used here, assuming that it was a means of exchange. By contrast, ingots that were used purely for their weight and not broken up into pieces should not be called “money,” but instead means of exchange and payment by weight, no matter how extraordinarily important the fact of their **capacity to be weighed** was for the development of “calculability.” The transitional forms, such as the acceptance of coin by weight only, are naturally very extensive.

6. “Chartal” is a term introduced in Knapp’s *Staatliche Theorie des Geldes*. To this belong all kinds of minted and coined money forms, metallic and nonmetallic, rendered valid by legal regulation or simple agreement. It is not, however, obvious why the concept derives solely from proclamation on the part of a **state**, excluding, therefore, acceptance secured by convention or compulsorily agreed. Nor can production using the state’s own resources, or under political control, be considered a decisive feature—this was entirely absent in China, and only partially true of medieval Europe—so long as **standards** for the monetary form exist (a view with which Knapp concurs). **Within** the domain controlled by a

political organisation, legal statute is capable of enforcing validity as a means of payment and **formal** use as means of exchange in domestic commerce. See below.

7. Means of exchange and payment *in natura* are mostly partly the one and partly the other, and likewise partly employed domestically and partly in foreign trade. The details of this do not belong here; nor, **yet**, does the question of the **material** validity of money.

8. Nor does a **material** theory of money in relation to price belong here (to the extent that it has **any** place in economic **sociology**). For the time being, it is sufficient to establish here the facts of money use in its principal forms, since we are concerned with the general sociological **consequences** of what is, from the economic perspective, in itself a formal fact. We might, however, note that “money” **never** is, nor can be, only an innocuous “remittance,” nor a **merely** nominal “unit of calculation,” so long as it is, in fact, **money**. Its actual valuation is a very complex matter, which valuation is **also** always a matter of scarcity (or during periods of inflation, abundance), as is currently evident, and which is also clear throughout the past.

A socialistic “certificate of remittance” valid for particular goods and based on a particular quantity of “labour” considered “useful” could be an object either of reinvestment or exchange, but would conform to the rules of a (probably indirect) exchange **in kind**.

9. The far-reaching consequences for the economy of relationships between the monetary and nonmonetary use of a technical monetary **substance** can be traced most clearly in Chinese monetary history, since for copper coinage significant manufacturing costs and major fluctuations in the yield of **monetary material** render these conditions especially plain.

§7. The primary consequences of the **typical** use of money are

1. so-called indirect exchange as a means of meeting consumers’ needs. This means the possibility of (a) local, (b) temporal, (c) personal, and (d) (also of great significance) quantitative **separation** of the goods to be given in exchange from those whose possession is desired in return. This leads to an extraordinary extension of existing possibilities for exchange, and related to that

2. the measurement of **deferred** payments (*Leistungen*), especially of reciprocal payments (debts) in exchange as sums of money;
3. the so-called store of value—the accumulation of money *in natura*, or as claims for payment on demand, as a way of securing a future power of disposal with respect to *Chancen* of conversion;
4. the increasing transformation of economic *Chancen* into *Chancen* to control sums of **money**;
5. the qualitative individuation, and hence, indirectly, extension of the capacity to meet the needs of those who control money, or claims to money, or the *Chance* to acquire money, and thereby the *Chance* to offer money for **any desired** goods and services;
6. today's typical orientation of the creation (*Beschaffung*)²⁵ of utilities to the marginal utilities of the sums of **money** that the directing authority of an economy presumes to be able to control in a foreseeable future, and hence:
7. the orientation of acquisition to all *Chancen* offered by temporally, locally, personally, and materially multiplied possibilities for exchange (§7.1). This arises on the basis of what is in principle the most important element of all, namely,
8. the possibility of **valuing in money** all goods and services deemed suitable for giving or receiving in exchange: **monetary calculation.**

Monetary calculation means, **materially**, first of all that goods are not simply valued as utilities with respect to their current, local, and personal significance. Rather, the nature of their employment includes, whether as a means of consumption or of production,²⁶ all future *Chancen* of realisation and evaluation for the purposes of a potentially indefinite number of third parties, inasmuch

²⁵ See the Translation Appendix for a discussion of this term.

²⁶ Here it is made very plain by the juxtaposition with “means of consumption” that *Beschaffungsmittel* are “means of production,” albeit in an extended sense. See the Translation Appendix.

as they express for the holder of powers of disposal over such goods accessibility to a *Chance* for exchange against money. The form in which this happens for typical monetary calculation is the **market situation**.

The foregoing outlines only the most simple and well-known elements of discussions of “money” and is therefore in need of no commentary. The sociology of the “market” will not be pursued here, but [will be taken up] later (on the formal concepts, see §§8, 10).

“Credit” in the most general sense is any exchange of current powers of disposal over material goods, of whatever kind, against a pledge to return such powers in the future. The advancement of credit implies initially an orientation to the *Chance* that this future transfer will in fact occur. In this sense, credit means the acquisition through exchange (*Austausch*) by an economy of a power of disposal that is currently absent, but anticipated to be abundant in the future, over material goods or money currently in possession of another, and hence not available for one’s own use. Here rationality indicates that both economies hope for better *Chancen* (of whatever kind) than would be furnished by the current distribution before any such exchange took place.

1. The *Chancen* taken into account by no means have to be economic in nature. Credit can be given and taken up for all conceivable (charitable, martial) ends.

2. Credit can be advanced or taken up either in kind or in money, and for both cases in return for services rendered in kind or in money. The money form does, however, imply the monetary **calculability** of the advancement and taking of credit, with all ensuing consequences (which will be discussed directly).

3. It should also be noted that this definition corresponds to that in everyday use. It goes without saying that credit relations can exist between organisations of any kind, especially socialist or communist organisations, and is unavoidable where several noneconomic autarchic organisations exist alongside each other. There is, however, a problem with rational calculation where there is a complete absence of the use of money. For the mere (indisputable) fact that

offsetting transactions are possible would imply nothing for the parties involved with respect to the rationality of conditions of any guarantee, especially in the case of long-term credit. They would, for instance, be in the position of *oikos* economies (see below), exchanging their surpluses for necessities, but with the difference today that enormous mass interests would be at stake, especially **long-term** interests. For the poorer sections of the masses, the marginal utility of goods capable of satisfying their **immediate** wants is especially high. Hence, there is the *Chance* of making **unfavourable** bargains over **urgently** needed goods.

4. Credit can be taken up for the purpose of satisfying current consumption needs that are inadequately fulfilled (consumption credit). In the case of economic rationality, this will only be advanced against the concession of advantages. But the earliest forms of consumption credit, especially emergency credit (*Notkredit*), originated rather with an appeal to fraternal obligations. (See the discussion of neighbourhood groups in Chapter 5.)²⁷

5. The most general basis for advancing credit in money or in kind for **reward** is obvious: the **party advancing credit**, being in a **better material situation** (which is a relative concept, it should be noted), generally assigns a higher marginal utility to future expectations than does the **borrower**.

§8. The **market situation** of an object of exchange is the totality of the **identifiable Chancen** of giving and receiving that object in return for money, *Chancen* known to potential exchanging parties oriented to conditions in which price and competition are contested.

Marketability is the degree of regularity with which a given object tends to become a marketable object of exchange;

Market freedom is the degree of autonomy enjoyed by individual potential participants in exchange where price and competition are contested;

Market regulation is, by contrast, the effective and **material** statutory limitation of the marketability of possible objects of

²⁷ This is the first of six references forwards in Chapter 2 to a Chapter 5 that was never drafted. See MWG I/ 23, p. 109.

exchange, or of the market freedom enjoyed by potential participants in exchange. Market regulation can be

1. simply traditional in nature, with agents becoming accustomed to traditional restrictions on exchange, or to traditional conditions of exchange;
2. conventional, by social disapproval of the marketability of particular utilities, or by disapproval of the subjection of particular objects of exchange, or of groups of people, to open competition with respect to price or any other factor.
3. legally, through effective legal restriction of exchange, or the freedom of price or any other form of open competition, whether in general, or for particular groups of people, or for particular objects of exchange, such restrictions being intended to influence the market situation of objects of exchange (price regulation), or the restriction of ownership, acquisition, or transfer of rights of disposal over goods to certain groups of people (legally guaranteed monopoly, or the legal limitation of the freedom of economic activity);
4. voluntaristic, that is, related to the given constellation of interests, with material market regulation in a formally free market. This tends to arise when particular parties interested in exchange, by virtue of their more or less entirely exclusive *Chance* of either possessing or acquiring powers of disposal with regard to specific utilities (monopoly), are placed in a position to influence the market situation by effectively blocking the market freedom of others. In particular, they are to this end able to create **agreements** among themselves and / or with typical exchanging parties **to regulate the market** (voluntary monopoly and price cartels).

1. It is expedient, but not absolutely necessary, to refer to market situation only where monetary exchange prevails, since it is only under such conditions that a unitary **expression** by number is possible. "Exchange *Chancen*" **in natura** are better described as such. Individual objects of exchange have been,

and today remain, marketable to a quite varied and variable degree, assuming the existence of typical monetary exchange—although this will not be dealt with here in any detail. Standard articles of mass production and of consumption are the most marketable; unique objects for which there is only a passing interest are the least marketable. Durable consumer goods (*Versorgungsmittel*) capable of being repeatedly used over a long period, production goods with lasting, profitable use, and above all, usable areas of land suited to agriculture or forestry are far less marketable than everyday goods ready for immediate consumption, or means of production capable of rapid depreciation, or even capable of one-off use or quick returns.

2. The rational economic meaning of market **regulation** has grown historically alongside the increase in formal market freedom and universal access to the market. The **primary** forms of market regulation were determined partly by tradition and magic, partly by kinship networks, partly by social standing, partly by military concerns, partly sociopolitically, and finally, partly by the needs of the rulers of organisations. Whatever particular form this took, market regulation was governed by interests that were not oriented by any inclination towards a purely purposively rational maximisation of **market-related Chancen** for acquisition and goods provision on the part of those involved in market relations; often these interests ran entirely counter to such an orientation. They excluded either

1. particular objects from markets on a permanent basis, or from time to time as in maximum price regulations covering goods such as grain; these restrictions originated in magic, kinship, or social standing (respectively, e.g., through taboo, ancestral estate, and knight service). Or its terms specified that kin, persons of similar social rank, members of guilds and corporations, and fellow citizens should be given first choice; or specified maximum prices (e.g., during wartime); or alternatively, minimum prices, to be paid as a point of honour by those of high social standing, such as wizards, lawyers, and doctors. Or market regulations
2. excluded certain categories of person (nobles, peasants, and in some circumstances craftsmen) from participation in market-based acquisition in general, or for particular objects. Or

3. they imposed restrictions on consumption (use according to social rank, rationing during time of war or of high prices) and thus limited market freedom for consumers. Or
4. they limited their competitors' market freedom for reasons of social rank (e.g., independent professions), consumption or acquisition policy, or social policy ("sustaining the guilds"). Or
5. they employed the political power of ducal monopolies, or concessions granted by virtue of this power (typical for early capitalist monopolists) to limit access to specific economic *Chancen*.

Of these five market regulation categories, the **fifth** had the greatest degree of market rationality, whereas the first had the least. That is to say, in the fifth category the orientation of the economic activity of those particular strata interested in the sale and purchase of goods in the market furthered the market situation—while the remaining four categories, in reverse order, presented obstacles of increasing severity to the market situation. With respect to these market regulations, **those interested in market freedom** were all those prospective exchanging parties who must have had an interest in the greatest possible degree of free entry to the goods market, whether these interests were on the side of sale or purchase. **Voluntary** market regulation first emerged, and in time had by far the greatest impact, on those interested in **making gains**. Serving monopolistic interests, they included

1. regulation of *Chancen* for sale and exchange (typical here was the universality of merchants' monopolies);
2. *Chancen* for gain with respect to transport (monopolies of sea-going trade and railway monopolies);
3. the manufacture of goods (producer monopolies); and
4. the advancement of credit and finance (banking and rate-fixing monopolies).

The last two of these usually implied a greater degree of involvement in market regulation on the part of the organisation, or in any case, a planful orientation to **market situations** in comparison with initial and irrational forms of market regulation. Voluntary market regulation was quite regularly based on interests whose prominent and actual control (*Verfügungsgewalt*) over means

of production facilitated their monopolistic exploitation of formal market freedom. By contrast, voluntary consumer organisations (e.g., consumer associations, purchasing cooperatives) were formed by economically weak parties seeking cost savings for members but succeeding in establishing effective market regulation only in a very local and limited fashion.

§9. The **formal** rationality of economic activity can be characterised here as the degree of **calculation** that is technologically possible for that activity, and the extent to which it is actually applied. By contrast, the **substantive** rationality of economic activity concerns the degree to which the given supply of goods for particular human **groups** (however delimited), organised through economically oriented social action, was, is, or could be subjected to particular **evaluative postulates** (however constituted). These postulates are extremely **ambiguous**.

1. The formulation suggested here (which is only a more precise rendering of a recurrent problem in debates on “socialisation” and calculation “in money” or *in natura*) is solely intended to introduce a greater degree of clarity regarding use of the word “rational” in this area.

2. Economic activity is **formally** “rational” to the degree that vital “provision” for any rational economy can be, and is, expressed by numerical, “calculable” estimation (initially quite independently of what technical form these calculations take, whether, that is, they are expressed as monetary calculations or calculations *in natura*). This concept is therefore at least **unambiguous** (although as we shall see, only relatively unambiguous) insofar as the monetary form represents the maximum of **formal** calculability (and of course, *ceteris paribus*!).

3. By contrast, the concept of **substantive** rationality is thoroughly ambiguous. It merely states the following common attribute: that we **cannot** confine ourselves to establishing the purely formal and (relatively) unambiguous fact that the most technologically adequate means are employed in purposively rational **calculation**, but that ethics, politics, utilitarianism, hedonism, social rank, egalitarianism, or whatever else, introduce some other **requirements** and

so measure the outcomes of economic activity against a **value-rational** standard, or **substantive** purposively rational standards, no matter how formally “rational,” that is, calculable, this activity might be. The number of possible standards of value that are here rational in this sense is in principle quite without limit, and those value standards underlying the not unambiguous socialist and communist standards, which are themselves always in some respects ethical and egalitarian, constitute of course only **one** group among this great variety (social ranking, services related to political power, especially current military aims and all conceivable alternative perspectives are in this sense all “substantive”). We should also note that quite **independently** of this substantive critique of the economic **outcome**, there is, moreover, the possibility of an ethical, ascetic, aesthetic critique of an economic **disposition** (*Wirtschaftsgesinnung*), as well as one of economic **means**. For all of these, the “merely formal” implementation of monetary calculation **can** seem an entirely subordinate consideration, or even inimical to its principles (quite apart from the consequences of the specifically modern form of calculation). No decision can be made here as to what “formal” should mean; we can only assess and delimit the concept. **Substantive** is thus here also a **formal**, that is, an abstract, **generic** concept.

§10. From the purely technical point of view, **money** is the most “comprehensive” means of economic calculation, that is, the most formally rational means for the orientation of economic action.

Monetary **calculation**, and not the actual **use** of money, is hence the specific means of purposively rational economic provision. Where rationality is most fully developed, however, monetary calculation **primarily** means

1. the assessment of all utilities or means of production, or any otherwise relevant economic *Chancen* considered necessary for purposes of provision—whether they are now, or will be in the future, actually or possibly available, or obtainable from others in whose possession they find themselves, or which have been lost, or are in danger of

being lost—in terms of the (actual or expected) **market situation**;

2. numerical determination, in the form of a monetary account of costs and yields comparing the various possible outcomes of (a) the *Chancen* presented by any intended economic action, and (b) the evaluation of the success of any completed economic action, together with a comparative examination, using these calculations, of the estimated “net return” of various options;
3. a periodic comparison of the totality of goods and *Chancen* available to an economic entity with those that had been available at the beginning of the period, both being expressed in money;
4. estimation in advance, and subsequent confirmation, of all monetary (or monetisable) costs and yields in any one period that an economic entity has the prospect of using while maintaining the estimated monetary value of the totality of means available to it (no. 3 above);
5. orientation of the actual provision of items of need to these data (1–4), using the money available in the accounting period (as in 4) for these desired utilities according to the principle of marginal utility.

The continuous use and procurement of goods (either by production or exchange), whether for (1) the purposes of one’s own provision, or (2) obtaining other goods used by oneself, is called **householding**.²⁸ For a solitary household, or a group acting economically as a single household, the rational foundation for their activity is the household budget, which states how the anticipated needs in one budgetary period (the need for utilities or for means of production for its own use) will be covered by expected income.

²⁸ *Haushalt*—in the following this term is translated both as “household” and “budget.” These overlap in German but not directly in English, where the financial sense of “housekeeping” would capture the sense of budgetary control, but carries too great an emphasis on a domestic context.

The **income** of a household is the sum of goods calculated in money that, employing the accounting principle stated in 4. above, can be rationally calculated to have been available to it in a previous period, or for which there is the *Chance* of such availability in a current or future period according to rational assessment.

The total calculated sum of goods at the disposal of a household for its permanent and direct use, or for the acquisition of income (estimated in market *Chancen* as in 3.), is called its **wealth**.²⁹

The premise of **purely** monetary budgetary accounting is that income and wealth consist either of money, or of goods that can in principle be exchanged **at any time** for money, and hence are to the highest degree absolutely marketable.

Householding and (its rational expression) the household budget also includes **calculation** *in natura*, which will be discussed below. The household's "wealth" cannot be uniformly and completely estimated in money, nor does the household have a uniformly monetisable "income." Calculation *in natura* reckons in terms of the **possession** of natural goods and (considering only peaceful acquisition) in terms of concrete "incomes" arising from the employment of specific types of available goods and labour power, which specific types are deployed as a means for the assessment and realisation of an optimum in providing for need. The nature of this employment remains, for **definite** and **given** needs, a relatively simply and purely technical problem, so long as the state of such provision does **not** require an exactly calculated determination of optimum utility in the employment of means available for the meeting of needs that involves a comparison of the very heterogeneous possible forms of such employment. But there are demands for which even in the simple, self-sufficient individual household a formal, exact **calculated** solution has

²⁹ *Vermögen*. Parsons, p. 187n30, notes that there is no direct translation of this term. The word would usually be translated as "property," perhaps here more appropriately "economic property," but this would raise further problems. Parsons opts for "resources," but this translation follows Menger's usage. (See the Translation Appendix.)

quite definite limits and which tend to be resolved either in a traditional manner or by using very rough approximations that are certainly quite adequate for relatively typical, tangible needs and conditions of production. If the household's possessions consist of heterogeneous goods (which has to be the case where exchange is **not** an element in economic activity), calculative, formally exact **comparison** between stock at the beginning and at the end of a budgetary period can be made only with respect to qualitatively **similar** goods—and likewise with the comparison of income *Chancen*. In this circumstance, it is typical to compose a **total stock of assets in natura**, excluding consumed **allowances in natura**, whose presumed permanent availability is not thought to involve any reduction of the total stock. Any alteration to the state of provision (e.g., by a failed harvest) or to that of needs makes redistribution necessary, since it alters the marginal utilities involved. Where these conditions are straightforward and simply grasped, such an adaptation can be easily effected. For more complex cases, however, it is **technologically** more difficult than with monetary calculation, for which (in principle) every shift of price *Chancen* influences only marginal needs on the scale of urgency that are met by the final units of money income.

The calculation of marginal utility, which is relatively simple when agents have access to monetary wealth and money incomes and can order needs with regard to their degree of urgency, becomes extremely complex where calculation *in natura* is entirely **rational**, unbound by tradition. In the first case, the response to a “marginal” problem is simply to apply more **labour**, or to vary the choice made among **needs** and the goods capable of satisfying them (which in purely monetary **budgeting**, ultimately takes the form of “cost” comparisons). But this is very difficult for calculation *in natura*, for besides ordering needs by their degree of urgency it also has to take account of

1. the potential differential employments of means of production, together with that of the previous total volume of total

- labour employed, each type of employment altering the (variable) **relation** between the provision for need and the **expense** involved, and hence
2. the amount and kind of new labour in which the householder would have to engage to secure new incomes; and
 3. the different ways of employing material effort where there is **variation** in the ways of providing the relevant goods.³⁰

One of the most important matters for economy theory is analysing the rational possible **form** of these estimations; and for economic history, tracing the manner in which, through the course of historical epochs, budgeting *in natura* has **actually** dealt with these issues. In sum, it can be said that

1. in general, the degree of formal rationality has **never** actually attained the actual (or theoretically possible) maximum and the overwhelming majority of household accounting *in natura* remained perforce bound to tradition;
2. hence, large households, precisely **because** there was no extension and increased refinement of everyday needs, tended to find non-everyday, mainly artistic, employment for their material surpluses (which is the basis of the culture of style and art in the era of naturally based economies).

1. “Wealth” is not, of course, only made up of material goods. Rather, the wealth of its holder includes **all** *Chancen* of powers of disposal reliably secured, whether by custom, interest, convention, or law (and even a business’s “clientele”—whether the business is that of a surgeon, a firm of solicitors, or the retail trade—is a part of the “wealth” belonging to the owner if, for what-

³⁰ Parsons here (p. 189) relates this to “means of production” (*Beschaffungsmittel*), whereas here *Güterbeschaffung* refers to “provided goods” that could be either production or consumer goods.

ever reason, they can be **relied on**, and where these are legally appropriated, they can of course be “property” as defined in Chapter 1, §10).

2. One typically finds **monetary calculation** without actual money use, or where its use is limited to residual uncompensated surpluses *in natura* arising on sides of an exchange of goods, in Egyptian and Babylonian documents where monetary calculation is the measurement of a **payment in natura**. The Hammurabi codex, as well as late Roman and early medieval law, typically gave the debtor permission to make good the calculated monetary shortfall: *in quo potuerit*. (The recalculation can only have been made on the basis of traditional prices, or local prices laid down by decree.)

3. Otherwise, the above only reiterates well-known points for the purpose of presenting a clear definition of the concept of the rational “household” before turning to the contrasting concept of the rational acquisitive economy (*Erwerbswirtschaft*), which will be introduced next. The aim is to express absolutely clearly that **both** are possible as rational forms and that, rationally, “subsistence” is not necessarily a more “primitive” category than “acquisition”; “wealth” is not necessarily a more primitive category than “capital”; and “income” is not necessarily a more primitive category than “profit.” Historically, and with regard to the consideration of economic matters that prevailed in the past, “householding” naturally comes first.

4. The form taken by the “household” is a matter of indifference. Both a “state budget” and a worker’s budget come under the same category.

5. Householding and acquisition are not mutually exclusive alternatives. The action of a “consumers’ association” is normally **based** on householding; it is not, however, a householding enterprise, but with regard to the **form** of its activity a commercial enterprise without a material acquisitive **purpose**. An individual’s action can combine both householding and commercial activities (the typical case in the past); it is only the concluding deed (consumption or sale, respectively) that decides the meaning of the process (this is especially true of small farmers). Exchange based on householding (acquisition for consumption, sale of surpluses) is a part of the household. The household (of a duke or a landowner) can include commercial activity (*Erwerbsbetriebe*) in the sense of §11 following, and was, in earlier times, typical: entire industries grew out of such heterocephalous and heteronomous “subsidiary enterprises” that were established by landowners, monasteries, and rulers for the exploitation of forest and agricultural products. All kinds of “enterprises” are even today

an element of communal as well as state economies (*Haushaltungen*). Where rational calculation is employed, “income” is of course only the “net profit” of those enterprises that the household has at its disposal. It is also possible that commercial enterprises will attach to themselves fragmentary and heteronomous “households” (“welfare institutions,” housing, kitchens) so that, for example, they might feed their slaves or wage labour. “Net profits” are (no. 2) **monetary** surpluses minus all money costs.

6. The significance of calculation *in natura* for general cultural development could only be dealt with here in a very preliminary manner.

§11. Acquisition³¹ is behaviour oriented to the *Chancen* of gaining a new power of disposal with respect to goods, whether as a singular, regularly reoccurring, or continuing event. **Acquisitive activity** is activity oriented at least in part to the *Chancen* of acquisition; **economic acquisition** is oriented to peaceable *Chancen* of acquisition; **market-related acquisition** is acquisition that is oriented to market situations; **means of acquisition** are those goods and *Chancen* that can be placed at the service of economic acquisition; **acquisitive exchange** is the giving and taking in exchange oriented to market situations for purposes of gain, in contrast to giving and taking for purposes of subsistence (**exchange related to householding**); **acquisitional credit** is the credit given or taken for the purposes of gaining a power of disposal with respect to means of acquisition.

Proper to rational economic acquisition is a particular form of monetary calculation: **capitalist calculation**. **Capitalist calculation** is the estimation and review of *Chancen* for acquisition and successful outcomes of the same by comparing the estimated monetary amounts of all acquisitional goods (in money or in kind) present at the outset of an acquisitive undertaking with the stock

³¹ Parsons (p. 176n4) notes that the best translation of *Erwerben* is possibly “acquisition,” but decides on “profit making” to set against “householding” as in the previous section. But the sense here is not the presence or absence of profit, but the presence or absence of gainful exchange as a means of securing the existence of an economic agent, whether or not this results in a net gain.

of (remaining and newly manufactured) acquisitional goods present at the completion of a particular undertaking, or where continuous acquisitive activity (*Erwerbsbetrieb*) is involved, comparing the opening and closing **balance** in an accounting period. **Capital** is a monetary estimate of the sum total of means of acquisition at the disposition of the enterprise for its own purposes shown in its balance sheet; **profit** or **loss** is the surplus or shortfall of estimated values disclosed by a closing balance compared with an opening balance; **capital risk** is the estimated *Chance* of loss to the balance sheet; and an economic **undertaking** is action that can be autonomously oriented to capitalist calculation. This orientation derives from **calculation**: prior calculation of the anticipated risk and profit arising from a measure under consideration, and subsequent recalculation reviewing the actual resultant profit or loss. **Profitability means (rationally)**

1. the possible profit to be achieved through measures taken by the entrepreneur, and calculated in advance;
2. the profit over a specific period that has, according to subsequent calculation, been actually achieved without prejudicing future *Chancen* for profit (*Rentabilitätschancen*) within the entrepreneur's (or entrepreneurs') **budget**, usually expressed as a proportion, or today as a percentage, of the initial capital as recorded on the balance sheet.

Undertakings conducted according to the principles of capitalist calculation can be oriented to *Chancen* for **acquisition through markets**, or to the exploitation of other *Chancen* for acquisition, for example, those *Chancen* arising from relations of power, such as tax farming or the purchase of official posts.

All of the individual measures taken by rational enterprise are oriented by calculation to the estimated achievement of profitability. Where acquisition is **effected through the market**, capitalist calculation presumes

1. that there exist for the goods acquired sufficiently broad and secure (calculable) *Chancen* of sale, and hence (normally), marketability;
2. that likewise the means of acquisition—material means of production and labour services—are sufficiently secure and can be acquired on the market for calculated, calculable costs; and finally
3. that the technical and legal conditions associated with all phases of production, from means of production to finished product (transport, manufacturing, storage etc.), can be expressed in principle as calculable (money) costs. We will repeatedly encounter in discussion of the sociological conditions of the economy the extraordinary significance of optimal **calculability** as the foundation of optimal capitalist calculation. Far from considering here only economic aspects, we will see much later that internal **and** inner obstacles of the most diverse kind are to blame for the fact that capitalist calculation, a basic form of economic calculation, emerged only in the Occident.

Capitalist calculation, and calculation on the part of a market entrepreneur lacks, in contrast to household accounting, any orientation to “marginal utility”; it is instead oriented to **profitability**. *Chancen* for this are ultimately dependent on the income structure, and via this on the constellations of the marginal utility of **money** income available to the **ultimate** consumers of finished goods (to their “purchasing power” with respect to commodities of the appropriate kind, in the current formulation). Nonetheless, the accounting system of an acquisitive enterprise is as technologically different in nature to that of a household as are the activities of acquisition and subsistence that they serve. For economic theory, the marginal **consumer** guides the direction taken by production. In fact, given the distribution of power, this is only partly correct for the present day, since the “entrepreneur” “rouses” and “directs” the needs of consumers—if the latter **can** in fact make purchases.

All rational monetary calculation, and especially therefore all **capitalist calculation**, is for purposes of **market acquisition** oriented to price *Chancen* that form on the market through a contest of interests (a contest of prices and competition) and subsequent compromises between these interests. This is especially plain in the most technical form of bookkeeping so far developed for the calculation of profitability, the so-called double-entry system. This system of accounts establishes the fiction of exchange processes between the individual departments of an enterprise, or between separate accounting units, and thereby allows the technologically most complete check on the profitability of every individual transaction. Capitalist calculation, then, in its most **formally** rational guise, presupposes the **struggle of man against man**. And this involves another very particular precondition. In **no** economy can subjectively existing “sensations of need” be translated directly into effective demand (*Bedarf*); the production of goods cannot take account of such felt needs. For whether a subjective impulse can be satisfied depends on the one hand on the scale of urgency of needs, and on the other on the estimated availability of goods (if these are available, or if they first must be procured as is mostly the case) to meet this need. Provision fails if the utilities required to meet **this** need are no longer available once more urgent needs have been met, being unobtainable with the given quantities of labour and material means, or which place so great a demand on these that provision of future goods presently thought to serve more urgent needs would suffer. So it is in every consumer economy, even a communist one.

For an economy employing capitalist calculation—where the means of production are appropriated to individual economic units and where there is consequently “property” (see Chapter 1, §10)—this means that profitability depends on the **prices** that “consumers” can pay, and want to pay (according to the marginal utility of money related to their incomes); production is profitable only with respect to consumers in possession of the corresponding

incomes and to whom therefore these terms apply. Needs remain unmet not only when more urgent (**individual**) needs intervene but also when **others** enjoy a greater purchasing power with respect to needs **of all** kinds. A further crucial presupposition of the struggle of man against man on the market as the condition of existence of rational monetary calculation is the decisive influence for the outcome of the opportunity enjoyed by higher income consumers to overbid, and for producers having some advantage in the procurement of goods to underbid—having at their disposal money, or goods critical for production. In particular, it presupposes **actually existing** prices, rather than conventionalised prices created for some purely technical end, and hence also **actually existing** money, a desirable means of exchange that is not a mere token employed for the purposes of technical enterprise accounting. The orientation to the *Chancen* offered by money prices and profitability necessitates therefore that

1. differences among individual prospective exchanging partners with regard to their holdings of money or specific marketable goods will determine the production of goods, insofar as this production is commercial (*erwerbsbetriebmäßig*), for only “effective” (*kaufkräftige*) demand is and can be satisfied. This orientation hence means that
2. the question of which **need** will be provided for in the procurement of goods depends entirely on the profitability of such procurement, which is on the one hand of course a formally **rational** category, but which also, and for precisely this reason, is quite indifferent to **material** postulates, if these are not capable of presentation on the market in the form of **adequate purchasing power**.

Capital goods (by contrast to possessed objects or portions of property and wealth) are all goods disposition over which is oriented to capitalist calculation, and for as long as this continues. **Interest on capital** is therefore—in contrast to interest on loans of quite various kinds—

1. the calculated lowest normal possible *Chance* of profitability imputed to material means of acquisition by profit and loss accounting;
2. the interest rate at which **commercial** enterprises **obtain** money or capital goods.

This account only presents the obvious in a somewhat more specific way. Readers interested in the technical apparatus of capitalist calculation are referred to the general, sometimes excellent, accounts of this in books by Leitner, Schär,³² and so forth.

1. The concept of capital is rigorously defined here with regard to its business usage,³³ which implies its resemblance to accounting conventions. This terminology is far less in conflict with general usage than is more usually, and unfortunately, the case with academic usage, where, however, there is really no unity. Today, the language of business (*privatwirtschaftlichen Sprachgebrauch*) is increasingly used for academic purposes, and we can test its applicability simply by asking the following questions: What does it mean if (1) a limited company has nominal capital of one million? if (2) this is “written down”? and (3) the law has statutes regarding nominal capital, and, for instance, states what assets may and may not be “included” in the nominal capital? The answer is that as regards the first, the distribution of profits, such distribution can only be effected with respect to the sum of stock in hand and formally established total assets and liabilities **in excess of** one million, which excess is entered in the accounts as “profit,” and which may be **distributed** to shareholders for their own use (and for an enterprise in sole ownership, this surplus amount is all that may be **consumed** from the budget). As for the second, when major losses have occurred there need be no lengthy delay, lasting perhaps many years, until such time as renewed profits and their accumulation

³² Friedrich Leitner, *Die Kontrolle in kaufmännischen Unternehmungen*, 2nd ed. (Frankfurt a.M.: Sauerländer, 1920); Johann Friedrich Schär, *Die Bank im Dienste des Kaufmanns*, 3rd ed. (Leipzig: Gloeckner, 1920).

³³ *privatwirtschaftlich*. The German business economics already emerging after 1910 was consciously constructed as a “private economics,” as distinct from a “public” or “national” economics; this distinction goes back to the early part of the nineteenth century, but the point is made here to emphasise the focus on the interaction between consumers and suppliers.

exceed a total of one million, but a “profit” can be distributed even where the total value of the enterprise is less than one million; it is **for this purpose** that “capital” is written down. For the third, the aim of regulations specifying which assets may be included to cover nominal capital, and when and how it might be “written down” or “increased,” is to provide creditors and shareholders with a guarantee that the distribution of profits is done “correctly,” according to the rules of rational enterprise accounting; hence, (a) profitability is secured in the long term, and (b) the security of creditors is not thereby reduced. Regulations regarding those “assets counted as part” of the nominal capital are all rules concerning the “inclusion” of objects as part of the “capital.” We can further ask: (4) What does it mean if it is said that “capital is turning to other investments” (as a result of lack of profitability)? It could be that “wealth” is meant here. For “investment” (*Anlegen*) is a term used for the administration of wealth, not for the operation of a commercial enterprise. Or more infrequently, it could mean that capital **goods** are partly stripped of this character through their disposal at knock-down prices or as scrap, or are re-employed as such elsewhere. And (5), What is meant by references to the “power of capital”? That the holders of a power of disposal with respect to means of acquisition and to economic *Chancen* capable of being used as capital **goods** in a commercial undertaking enjoy a specific position of power with regard to others by virtue of this power and an orientation in economic activity to the principles of capitalist calculation.

Even at the very beginnings of rational acquisitive acts, capital crops up (although not under this name!) as a **calculated** sum of money—this is the case with the *commenda*, for example. Goods of various kinds were given to a travelling merchant for sale in foreign markets and, quite probably, so that he might repurchase for the home market; the gains and losses were then divided in a set proportion between the merchant and those who had advanced capital for the enterprise. But for all this to happen, monetary calculation was necessary, linked to an opening and closing **balance** for the enterprise. The “capital” of the *commenda* (or *societas maris*) was this estimated amount, serving **solely** as a way of calculating participants’ shares and no more.

What does it mean to talk of the “capital market”? This means that goods, especially money, are wanted for the purpose of employment as capital **goods**, and that commercial enterprises exist (especially “banks” of a particular kind) that make a profit by organising the procurement of these goods (especially

money) to this end. With respect to “loan capital”—the advance of money against a promise to return the original nominal sum, with or without “interest”—we shall here talk only of “capital” where this loan is used in a commercial undertaking. Otherwise, we shall refer to this as “money lending.” Common usage tends to refer to “capital” if interest payments are made, since this is usually calculated as a proportion of the original sum. It is only by virtue of the **calculating** function that the monetary amount of the loan or deposit is called “capital.” This is certainly the point of departure of **language** use (*capitale* = the principal of the loan, derived allegedly, but not verifiably, from the “heads” of cattle included in a loan contract involving cattle). But that is neither here nor there. Even in the earliest historical times, a loan of goods *in natura* was represented as an amount **calculated** in money on which interest was calculated, so that even here “capital goods” and “capital **calculation**” appeared side-by-side in a manner that has been customary ever since. We do **not** wish to refer to a simple loan—which is, of course, one part of the administration of **wealth**—as “loan capital” from the lender’s standpoint, where it serves **budgetary** ends. Nor of course do we wish to do so from the standpoint of the person receiving the loan.

The concept of “the enterprise” or “undertaking” (*Unternehmen*) corresponds to its normal usage, except that the orientation to capitalist calculation, which is usually taken for granted, is expressly emphasised. This is done so as to indicate that not every venture should be treated as an “undertaking,” but only insofar as this can be oriented by capitalist calculation (whether this involves large or “dwarf” capitalistic enterprise is of no consequence). Whether such capitalist calculation is in fact conducted **rationally** and in terms of calculation according to rational principles is, by contrast, a matter of indifference. Likewise, one should talk of “profit” and “loss” only with respect to enterprises governed by the principles of capitalist calculation. Acquisitive activity in the absence of capital (writers, doctors, lawyers, officials, professors, white collar workers, technicians, workers) is still for us of course “acquisition” (*Erwerb*), but it should not be called “profit” (nor does common usage do so). “Profitability” is a concept applicable to **every** independently **calculable acquisitive act** conducted in terms of the technologies of mercantile calculation (the hiring of a particular worker or of a particular machine, the structuring of rest periods, etc.).

No useful purpose is served by defining the concept of interest on capital from agreed rates of interest on loans. If someone helps a farmer out with seed-corn on condition that it is returned with a supplement, or if the same thing happens with money that one household needs and another can advance—neither of these will, for our purposes, here be treated as a “capitalist” procedure. The additional amount that becomes “interest” is agreed on, in the event of rational action, because the **recipient** of the loan anticipates that the difference made to his subsistence prospects by taking up the loan will be **greater** than the additional amount he has to return, compared with the *Chancen* that he envisages if he foregoes the loan. The **lender** will, by contrast, be aware of these circumstances and makes use of them if the marginal utility of his current power of disposal over the loaned goods is **exceeded** by the estimated marginal utility of the agreed on supplementary amount at the time of the loan’s return. These categories remain rooted in the domain of householding and the disposal of wealth, not in capitalist calculation as such. Even someone who takes out an emergency loan from a “money Jew” for their own needs does not in the sense of this terminology “pay” interest on capital, and neither does the lender receive any such—instead, compensation for the loan is paid and received. The established moneylender calculates “interest” for **himself** from his **working** capital (when acting in a rational economic manner) and has made a “loss” if any shortfall in the repayment of the loan results in a failure to achieve this level of profitability. **This** is “interest on capital” in our sense; all other forms are simply “interest.” In this terminology, interest on capital is therefore always interest **on** capital, not interest **for** capital; it is always related to monetary estimation, and hence to the sociological fact of private control of **means of acquisition**, that is, **appropriated powers of disposal over** marketable or other means of acquisition, without which “capital” accounting, and hence the **calculation** of interest, would be inconceivable. In a rationally conducted commercial enterprise the interest that, for example, is regularly debited against the accounting entry “capital” is the minimum level of profitability; realisation of this level, or failure to reach it, **indicates** whether the mode of employment of capital **goods** has been appropriate or not. (“Appropriate” of course from the standpoint of returns and profitability.) It is well known that the rate set for this minimum level of profitability is only loosely guided by the prevailing rates at which credit can

be secured in the “capital market,” although the existence of such a market brings about this form of calculation in the same way that market exchange is the basis of the treatment of accounting entries. However, the most fundamental phenomenon of the capitalist economy—that a fee will always be paid **by** entrepreneurs for “loan **capital**”—can only be explained by answering the question, Why might entrepreneurs continue to believe that they will nevertheless still make a profit after paying this fee to their creditors—or rather, under what general conditions can it usually be said that parting with 100 now in return for a future $100 + x$ is rational? Economic theory will answer this question by reference to the relative marginal utilities prevailing between future goods and current goods. Good! Here the sociologist would be interested in exactly which human **action** this supposed relationship found its expression: that actors could make a distinction between present and future in the form of “interest” the basis of their operations, for when and where this is true would be no less than obvious. As we know, it does occur in economic activity oriented to **acquisition** (*Erwerbswirtschaften*). But here the yardstick is primarily the **balance** of economic **power** between commercial enterprises and households—both those households that consume the goods offered to them and those that offer particular kinds of means of production (especially labour). Only under these circumstances will enterprises be created and run on a **permanent** (capitalist) basis if there is an expectation that the minimum “interest on capital” will be achieved. Economic **theory**—which could assume many guises—would surely then say that it is only this exploitation of a position of power, itself a consequence of the private ownership of means of production and of products, that makes it possible for **this** category of economic subjects alone to pursue their economic activity “in conformity with the rate of interest,” as it were.

2. The administration of wealth and acquisitive activity are so similar that they almost seem interchangeable. In fact, the first differs from the second only with regard to the concrete ultimate **meaning** of economic activity: while the latter seeks to increase and assure the profitability and market position of the enterprise, the former is oriented to securing and increasing wealth and income. In the latter case, there is no specific course of action to be pursued, nor means of selecting such a course. Where the wealth of a business manager coincides with control of his enterprise, his income is the same as his profit: the two seem to go hand in hand. However, personal relations of all sorts can

cause the businessman to strike out on a path that, from the standpoint of the rational conduct of the **enterprise**, appears to be a quite irrational way of running a business. And in fact, wealth and disposal over an enterprise very rarely coincide. In addition, there are some extremely irrational factors (irrational from the perspective of the enterprise) that influence management of the business: an excess of personal indebtedness on the part of the owner, a personal need for a high level of current income, the division of assets through inheritance, and so forth. These factors often give rise to initiatives aiming at the complete exclusion of their influence, such as the issue of shares by a family business. This tendency to separate household and enterprise is no accident. It is a consequence of the fact that both the fate of **wealth** from the standpoint of the enterprise and the interest of the owner in a given income from the standpoint of profitability are equally **irrational** considerations. The calculation of profit and loss for an enterprise betrays little about the prospects of constant employment for its workers or for those whose interests arise from their role as consumers, nor do the interests in wealth and income of the individual or organisation with power of control over the enterprise necessarily run parallel to the **enduring** optimal profitability of the enterprise and its market position. (And quite naturally, not if—often **precisely** not because—a profit-oriented enterprise is at the disposal of a “producers’ cooperative”). The **material** interests of modern rational enterprise management are in no sense identical to the **personal** interests of those with power of disposal over the enterprise, and the two are often in opposition: **this** signifies the difference in principle between “household” and “enterprise” even where, with regard to the power of disposal and the object at disposal, they are identical.

In addition, it is desirable to make and sustain a sharp terminological distinction between “household” and “profit-oriented enterprise” (*Erwerbsbetrieb*).³⁴ A pensioner’s purchase of securities to enjoy the monetary proceeds is not an investment in “capital,” but in **wealth**. From the standpoint of the person making the loan, money loaned by a private person to gain claims to interest payments is quite different from a bank loan to the exact same recipient. A loan

³⁴ In the preceding paragraph, Weber was discussing the business unit, an undertaking or “an enterprise.” He now turns to “enterprise” as a generic process, an activity, as defined in §1; the contrast he is making is not therefore between household and enterprise as alternative units of production.

made to a consumer or to an entrepreneur (for acquisitive purposes) is distinct from the perspective of the person receiving the loan. In the first case, this is capital investment on the part of the bank, and in the second, the entrepreneur is **raising** capital. Capital investment on the part of an agent extending credit can in the first case, however, from the standpoint of the creditor, simply be taken up as a household loan, whereas raising capital in the second can, from the standpoint of the agent extending the facility, simply be an “investment of wealth.” Specification of the difference between wealth and capital, between household and profit-oriented enterprise, is not unimportant, especially since, without this distinction, we cannot gain an understanding of the developmental path of antiquity and the limits on the capitalism contemporary with it. (Rodbertus’s well-known essays on this remain important, despite all their errors and need for revision, and withstand comparison to Bücher’s accurate discussion.)

3. By no means were, or are, all profit-oriented enterprises employing capitalist calculation **market**-oriented in both directions—buying means of production (*Beschaffungsmittel*) in the market **in the same way** that they offer products or finished services for sale in the market. Tax farming and financial operations of the most diverse kinds are conducted in terms of capitalist calculation without becoming involved in the latter. Some very important consequences of this will be discussed below. This is a case of gainful activity using the technologies of capitalist calculation but **lacking** an orientation to the market.

4. Here we can also make a useful distinction between acquisitive **activity** and acquisitive **enterprise**. Every person—the clerk and the worker, no less than the entrepreneur—is engaged in acquisitive **activity** if he is at least **also** involved in some particular way with the new acquisition of goods (whether money or goods *in natura*) that he does not yet possess. However, “market-based acquisitive **enterprise**” will here be reserved for that kind of acquisitive activity that is oriented on a continuing basis to **market Chancen**, employing **goods** as gainful means to (a) manufacture and sell desired **goods**, or (b) by offering desired **services** in exchange for **money**, whether through free exchange or the exploitation of appropriated *Chancen* as in the cases indicated in the previous paragraph. Any sort of person who lives off their wealth is **not** “acquisitively active” according to this terminology, no matter how rationally they might “economise” their property.

5. While it must, of course, be **theoretically** understood that calculations of marginal utility made according to the incomes of the marginal **consumers** determine the trend of profitability for goods-manufacturing enterprises, it cannot be sociologically ignored that the capitalist mode of meeting need (a) “arouses” new needs and allows old ones to wither, and (b) very greatly influences, through aggressive advertising, the **nature** and **extent** to which consumers’ needs are met. This is one of its most significant features. It is true that this mostly does not involve needs of the first degree of urgency. But in a capitalist economy, the **form** taken by food and shelter are very much determined by the supplier.

§12. *Accounting in natura* can occur in the most varied combinations. One speaks of a money **economy**, meaning an economy typically employing money and hence oriented to market situations assessed in terms of money, whereas a “natural **economy**”³⁵ is an economy that does not use money. Historically given economies can thereby be differentiated according to the extent of money use, or of its absence.

But a natural **economy** is not a uniform entity, and its structural variation can be extensive. It can mean

- a) an economy entirely lacking in exchange, or
- b) an economy with natural **exchange** where money is not employed as a means of exchange.

For a), it can be both a

- α. 1. fully communistic, or 2. a cooperative individual economy, in the latter case with shares being calculated, but in both cases without any autonomy or autocephalousness for the individual parts. This is a **closed domestic economy** (*Hauswirtschaft*), and a

³⁵ Hereafter, I use “natural economy” and its cognates for reasons of clarity, rather than *in natura*, as explained in the Translation Appendix.

β. combination of different, but otherwise autonomous or autocephalous individual economies, all rendering natural services to a central authority (*Zentral-wirtschaft*) established either for the purpose of rule or of cooperation. This is an **economy based on payments in kind** (*Naturalleistungswirtschaft*) (an *oikos*, a political organisation organised on a rigorously liturgical³⁶ basis).

Both of these cases involve, where the type is pure, or to the extent that it is pure, **accounting in natura** only.

For the second case, b) it can be

- α. a natural economy with pure natural **exchange**, without the use of money or of money accounting (pure natural exchange economy), or
- β. a natural exchange economy with occasional, or typified by, money **accounting** (typically evident in the ancient Orient, but very widespread).

Only the closed household economy in the instances outlined as a)α.1. and 2. is relevant to the problems of natural **accounting**; and also as in a)β where liturgy is effected through rational **enterprise** units, which would be unavoidable if “full socialisation”³⁷ were introduced while retaining modern technology.

All natural accounting is at root oriented to consumption, the meeting of need. Something quite like “gain” or “profit” is of course possible on a natural basis. This can arise in

- a) a natural economy **without** exchange: available natural means of production and labour are used planfully in the manufacture or procurement of goods on the basis of

³⁶ Parsons explains (p. 147n77) that Weber is here referring to obligatory payments made ostensibly as gifts in the Greek city-state by officials or officeholders.

³⁷ *Vollsozialisierung*: a reference to contemporary German debates on workers’ cooperatives and guild socialism.

a calculation in which the required level of fulfilment of needs is compared with the situation prevailing either without such use, or with a different form of use, and determined to be more advantageous for the household. Or in

- b) a natural **exchange** economy in which the planful provision of goods is sought through consistently natural disposal and acquisition (quite probably on a recurring basis) that is thought to provide for needs more generously than the previous state of affairs where such measures had not been employed. But it is here only possible to arrive at a **numerical** comparison that is both **unambiguous** and free of entirely subjective evaluations if differences are registered between goods that are **qualitatively the same**. Of course, one can make up typical **baskets** of consumption goods as was usual especially in Oriental systems of tithe payments and wages in kind (and which even became the object of exchange transactions, like our government bonds). Where the goods were typically uniform, such as Nile Valley grain, it was possible, as in Egypt, to store them and trade certificates of ownership in the same way that silver bars are traded between banks. Moreover—and this is of greater importance—it is possible to establish **numerically the technological** course of a particular production process and compare this with other kinds of technological processes. This can be done either where the final product is the same, according to the nature and extent of means of production required; or, using the same means of production, by considering the diverse final products produced with the same means of production applied in different ways. Numerical comparison for important subsidiary problems is here often, but not always, possible. However, simple “calculation” first encounters problems when we consider different kinds of means of production, their multiple uses, or qualitatively different end products.

Every capitalist enterprise does constantly make use of accounting *in natura* in its calculations. For example, take a loom of a particular type, with warp and yarn of a specific quality. Our variables are the potential machine output, humidity, and inputs of coal, lubricating oil and finishing material, given a shuttlespeed per hour and per worker for each **individual** worker. The result is the quantity of units of the desired product to be expected of a worker in any one period. This kind of calculation can be, and is, made without the use of monetary units in those industries where there is a **typical** level of waste and by-product. In the same way, it is possible to establish in material terms, for any given circumstances, the existing annual requirements for an enterprise in raw materials (in relation to its technical processing capacity), the depreciation period of buildings and machinery, and typical losses from spoilage, waste, and other material losses—and this is what actually happens. But today's enterprises also have no problem comparing production processes of different **kinds**, with various sorts of means of production employable in several different ways, on the basis of monetary calculations of profitability, but such comparisons present natural accounting with serious difficulties, lacking any "objective" solution. While not compelled to do so, the actual accounting calculations used by today's enterprises take the form of monetary calculations, and this presents none of these difficulties. But some of this at least is no accident. This is the case, for example, with "depreciation," since this is the manner in which the enterprise's future production conditions are secured, gaining the maximum leeway for prudent adaptation (**without** which means of control the actual accumulation of stock or whatever other purely material safeguard would be rendered irrational and seriously impeded), combined with a maximum of security.³⁸ It is difficult to conceive the form that "reserves" not directly **specified** as such might have in natural accounting. Moreover, there are a number of matters within an enterprise—which elements are

³⁸ Parsons's version of this sentence and the following passage (pp. 204–5) misconstrues the sense and introduces concepts that are not present in the original.

functioning, from the technical and material standpoint, in an irrational (unprofitable) manner, and why? That is, where might **economies** be made in the materials employed ("costs" from the perspective of capitalist calculation),³⁹ and above all, used elsewhere more rationally? It is relatively easy to calculate retrospectively from a technical-material standpoint the relation between "cost" and "benefit" recorded in **money** (the charge for **interest** on capital also belongs here as an index), but extremely difficult to establish in natural accounting of any kind, and even where this can be done, the outcome is extremely rough and ready. (These are not accidental problems to be resolved by "improvements" in the methods of calculation; they are instead basic limitations inherent to any attempt to develop genuinely **exact** natural accounting. This can always be disputed, although not, of course, with arguments drawn from the Taylor system and the idea that some kind of points or incentive system can achieve "progress" [*Fortschritte*] in the absence of the **use** of money. The question would be the following: How does one **find out** at what **point** in an enterprise such measures should probably be introduced, because exactly at this location there are persisting irrationalities that have to be removed? Exact **enquiry** along these lines presents problems for natural accounting that are not encountered by a re-estimate on the basis of historical costs using monetary calculation.) Natural calculation as the basis of enterprise accounting (where heterocephalous and heteronomous enterprises might be conceivable as part of the administration of goods production in a planned economy) finds the limit of its rationality in the problem of **imputation**, which here does not take the form of a simple accounting ex-post recalculation, but rather that of the much-disputed form that it assumes in the "doctrine of marginal utility." For the employment of means of production to be placed on a rational and permanent basis, natural calculation would have to establish "value indices" for the individual objects that would have

³⁹ I employ the term "economies" here where Weber refers to "saving materials" since this is the sense implied.

to assume the function of “balancing items” in contemporary calculations. It would then need to be seen how they could be developed and **verified**: on the one hand, for enterprises differentiated by location; on the other, integrated with respect to “social utility,” that is (current **and future**) **consumption need**.

Nothing is gained here by assuming that if only the problem of a moneyless economy were resolutely confronted, a system of calculation would “be quickly found,” or rather, be quickly invented. The problem is one that is basic to “full socialisation” of all kinds, and in any case one cannot talk of a **rational** “planned economy” so long as, at **the one** decisive point, no means for the purely rational design of a “plan” is known.

The difficulties for natural calculation are only increased if one seeks to ascertain whether a given enterprise dedicated to the production of particular goods should, rationally, be **located** exactly **here**, or instead (always considering the matter in terms of meeting the needs of a given human group) at another possible site. These difficulties loom yet larger if we consider whether a given natural economic organisation, taking account of the most rational employment of the labour power and raw materials at its disposal, is better served by the procurement of specific goods through “barter” with others or by making such goods for themselves. Of course, the fundamentals determining location are purely natural and their simplest principles can be formulated in material terms. (See Alfred Weber on this elsewhere in this *Grundriß*.)⁴⁰ But it is quite plain: natural accounting only permits a very rough estimate of the problem of ascertaining whether it **may** be rational at an actual site with given critical local circumstances to locate one specific enterprise dedicated to the production of particular goods, or

⁴⁰ Alfred Weber, “Industrielle Standortslehre (Allgemeine und kapitalistische Theorie des Standortes),” in *Grundriss der Sozialökonomik, VI. Abteilung Industrie, Bergwesen, Bauwesen*. Drittes Buch: Die einzelnen Erwerbsgebiete in der kapitalistischen Wirtschaft und die ökonomische Binnenpolitik im modernen Staat. (Tübingen: Verlag von J. C. B. Mohr [Paul Siebeck]), 1914), pp. 54–82.

instead another enterprise dedicated to a different range of goods (leaving to one side the case where deposits of raw materials absolutely determine such location), whereas for monetary accounting this is, despite the recurring existence of unknown factors, a calculation that is in principle soluble. Finally, the resulting comparison of the **importance, that is, the desirability** of specific, differing **types** of goods, whose manufacture or acquisition through exchange is equally possible in the existing conditions, is a problem that ultimately enters consequentially into every single calculation made in an enterprise. Where calculation is effected in monetary terms, this problem is decisive to profitability and consequently directs the production of goods in all commercial enterprises (*Erwerbsbetriebe*). But natural accounting can **in principle** only resolve this problem either by resorting to tradition, or by diktat, openly regulating consumption (by social rank or on an egalitarian basis) **and** achieving compliance with this. Even then, it would still be the case that natural accounting is incapable of **imputing** the total output of an enterprise to individual “factors” and measures adopted in the manner that profit and loss accounting in money can now do and, therefore, that today’s **mass** provision on the part of mass **enterprises** presents natural accounting with formidable difficulties.

1. The problems of natural accounting have been raised by the recent trend for “socialisation,” and the numerous writings of Dr. O. Neurath have been especially insistent on this point.⁴¹ The problem is in fact quite central to any “**full** socialisation,” that is, where it is presumed that current real **prices** will disappear. (That this problem is incapable of **rational** solution serves, it should be clearly said, only to indicate what such socialisation would put at risk, whether or not such consequences were purely economic. Demonstration of

⁴¹ For an account of Neurath’s work on war economy and calculation *in natura*, see Keith Tribe, chapter 6, “The Logical Structure of the Economic World—The Rationalist Economics of Otto Neurath,” in *Strategies of Economic Order. German Economic Discourse, 1750–1950* (Cambridge: Cambridge University Press, 1995 / 2007).

this incapacity would not serve to “refute” the “justification” of this endeavour, however, given that it is **not** based on technical postulates, but like all socialist **conviction** [*Gesinnung*] is instead rooted in an ethical or other kind of absolute postulate. No science is capable of “refuting” such a position. From a purely technical viewpoint, it would be **possible** to examine the degree to which, **solely** for regions where the population density to be maintained has been exactly **calculated**, the continued existence of effective **prices** might limit the form and extent of possible socialisation. But that cannot be dealt with here. It should only be noted that if the conceptual distinction between “socialism” and “social reform” is located anywhere, then it is precisely **here**.)

2. It is, of course, entirely right to say that “**mere**” monetary calculation—whether on the part of individual enterprises, of many enterprises, or even of all enterprises, combined with the most comprehensive **monetary** statistics on the movements of goods and the like—does not say **anything** about the way that given human groups are provided with that which they really need: natural, material goods. Furthermore, the oft-bruited **monetary** estimates of “popular wealth” are to be taken seriously only to the extent that they serve fiscal ends (and, therefore, only take account of **taxable** wealth). The same does not apply to the same degree to income statistics expressed in money, even from the standpoint of the provision of goods in kind, so long as the **prices** of goods have been statistically established. All that is lacking there is any possibility of verifying the data from the viewpoint of **material** rationality. It is also true (and has been wonderfully demonstrated by Sismondi and Sombart for the Roman Campagna) that, in numerous cases, satisfactory **profitability** (which existed for **all** those participating in the very extensive Campagna economy) had nothing at all in common with what would actually represent the satisfactory organisation of the economy—in terms of the optimal utilisation of given means of production to meet the **demand** for goods (*Güterbedarf*) on the part of a given human group. The form of **appropriation** (especially, as must be allowed to Franz Oppenheimer, the appropriation of land, but not only this form) creates *Chancen* for rents and services of the most varied kind that **can** permanently hinder the technologically optimal valorisation of the means of production. (But this is **very** far from being a characteristic peculiar to the capitalist economy; the much-talked-of restriction of production for the sake of profitability entirely dominated medieval economic organisation, and the present-day position of power assumed by workers may

result in something similar. It is, however, indisputable that this is also a central feature of capitalist economy.) The existence of statistics relating to monetary movements, or cast up in the form of monetary estimates, has certainly presented no obstacle to the development of statistics *in natura*, contrary to what many accounts have suggested, although one can as ever bemoan their condition and effectiveness in comparison with an ideal standard. At least nine-tenths of our statistics are cast up in physical terms, and **not** on a monetary basis. Overall, the work of an entire generation has ultimately been devoted to almost **nothing** save a critique of what is implied for the provision of goods *in natura* by the orientation of the economy to pure considerations of profitability (for this was really the ultimate, and quite conscious, aim of each and every publication of so-called academic socialists [*Kathedersozialisten*]). But they did have as a clear standard of judgement social reform oriented to social **policy**; hence, and contrasting to an economy based on calculation *in natura*, the continued existence of **effective** prices. Full socialisation was not their aim; social reform was considered the sole (current, or definitive) possibility for the mass economy. Such a stance can of course be thought “half-baked,” but it was not in itself nonsensical. It is true that the problem of natural **economy**, and especially the possible rationalisation of natural **calculation**, attracted little attention, and it was on the whole thought to be a historical, not a contemporary, issue. As with every war in the past, the recent war propelled this question to the fore in the form of wartime and postwar economic problems. (And without any doubt, Dr. O. Neurath performed a valuable service with his very **early** and insistent treatment of just this problem, however much we might argue in principle and in detail over his approach. That “science” has on the whole failed to take account of his formulations is not that surprising, since **hitherto** only some very thought-provoking but sketchy prognoses were to hand, and it is difficult to engage in serious discussion with what amounted to a series of chapter headings. The problem begins where his **public** expositions—so far—end.)

3. One has to be very careful in using the performance and methods of a war economy for criticism of the **material** rationality of a given form of economic organisation. In principle, a war economy is oriented to **one** unambiguous aim, and is able to make use of powers that in a peacetime economy are only available where the “state enslavement” of “underlings” is practised. It is also at core a “bankrupt’s economy,” the overriding goal pushing aside almost

all concern for the coming peacetime economy. It is only **technologically** precise; economic "calculation" is, however, very rough and ready for any materials supply of which is not on the point of exhaustion. And it is likewise entirely rudimentary as far as labour is concerned. All calculations are therefore predominantly, but not exclusively, technical in character; to the extent that they are economic, that is, that they take account of competition between **ends** and not only between means to a given end, they are content to make use of what, from the perspective of exact monetary calculation, seem quite primitive assessments and calculations according to the principle of marginal utility. As a type, these are a form of "household" accounting, and there is no sense in which they seek to guarantee the rationality of chosen dispositions of labour and means of production on a **permanent** basis. However instructive war economies and postwar economies might be for knowledge of economic "possibilities," it is doubtful whether anything can be deduced from the natural forms of calculation typical of such economies that might be suited to a sustainable peacetime economy.

It can be freely admitted (1) that even monetary calculation is reduced to arbitrary assumptions where means of production lack a market price (this arises particularly in agricultural accounting); (2) that in a weaker form, something similar applies in the **apportioning** of "overheads," especially for calculations made with respect to enterprises engaged in diverse activities; and (3) that every cartel agreement arrived at for however rational a motivation, fully oriented to market *Chancen*, at once reduces the incentive for exact calculation even on the basis of capitalist calculation, since exact calculation is made only as and when there is a compelling **necessity** to do so. For calculation *in natura*, on the other hand, the first of these conditions would always exist; in the second case, any exact **calculation** of "overheads" is impossible, and is in any event effected through capital accounts; and for the third, **any** stimulus to exact calculation would be eliminated and would have to be artificially re-created using means of questionable effect (see above). The idea that an existing extensive staff of "commercial clerks" dedicated to calculation could be transformed into the personnel of a universal **statistical** bureau that, it might be believed, was capable of replacing calculation with accounting *in natura* misrecognises not only the quite fundamental difference in motivation but also the quite different function of "statistics" and "calculation." They are as different as bureaucrat and entrepreneur (*Organisator*).

4. Both accounting *in natura* and monetary calculation are **rational** technologies. But they by no means exhaust all forms of economic activity. There is also activity that is in fact economically oriented, while **lacking** any form of calculation. Such action can be traditionally oriented or affectively determined. All primitive human questing for sustenance is related to an instinctive animal search for food. The degree of calculation involved in fully conscious but affectively oriented action—such as religious devotion, warlike arousal, and feelings of piety—is very limited. Bargaining is ruled out “among brothers” of a tribe, of a gild, or of belief; among family, comrades, or youths either no account is kept, or it is very flexibly “rationed” in times of necessity (a modest onset of calculability). See Chapter 5 below for an account of the penetration of calculability into primitive familial communism.⁴² Everywhere, the agent of calculation was money, and this explains why calculation *in natura* remained in fact technologically less developed than its inherent nature demanded (and to this extent, Otto Neurath is right).

While this was being typeset, Ludwig von Mises’s essay on these problems appeared in the *Archiv für Sozialwissenschaft und Sozialpolitik*, Bd. 47.⁴³

§13. The formal “rationality” of monetary calculation is therefore connected to very specific **material** conditions, among which the following are of sociological interest, above all:

1. a market-based **contest** between (at least relatively) autonomous economic units (*Wirtschaften*). Money prices are the product of contest and compromise, and hence are outcomes of power constellations. “Money” is not an innocuous “certificate of entitlement to undefined utilities,” to be transformed into anything one might want. This would require the complete abolition of the quality of prices as an expression of the struggle of man against man. Money is

⁴² There is no indication in Weber’s surviving papers of the scope of this chapter 5.

⁴³ Ludwig von Mises, “Die Wirtschaftsrechnung im sozialistischen Gemeinwesen,” *Archiv für Sozialwissenschaft und Sozialpolitik*, Bd. 47 (1920): 86–121. A surviving proof dated 10 April 1920 contains this passage set in type, so Weber added this remark sometime after February 1920, when the first proofs were produced, and 10 April 1920 (MWG I/23, pp. 606, 652).

instead and primarily a means of struggle, and price is the outcome of this struggle; it is a means of calculation only in the form of a quantitative expression of an assessment of *Chancen* in a **struggle** among differing interests.⁴⁴

2. The greatest degree of rationality as a calculative means of orientation for economic activity is achieved by monetary calculation in the **form** of capitalist calculation; **materially** presupposing the most extensive market freedom, meaning the absence of either compulsory and economically irrational, or voluntary and economically rational monopolies (i.e., monopolies oriented to market *Chancen*). The competitive struggle over the sale of products that is linked to this situation generates a range of expenditures, especially with respect to sales organisation and advertising in its widest sense, which, in the absence of such competition, would simply cease to exist (hence, in the case of planned economies or rational comprehensive monopolies). Furthermore, **rigorous** capitalist calculation is linked socially to “factory discipline” and the appropriation of material means of production, and thus to the existence of a relation of **rule**.
3. It is not “wants” as such, but **effective demand**⁴⁵ for utilities that **materially** regulates the commercial (*erwerbsmäßig*) production of goods, mediated by capitalist calculation. The production of goods is directed by the constellation of marginal utilities arising from the final specific use typical for an income strata endowed both with purchasing power and the inclination to spend—and according to the existing distribution of income. Combined with absolute indifference on the part of the formally most complete rationality

⁴⁴ Weber is here even more cryptic than usual, and my translation is freer than usual.

⁴⁵ The usual economic term for “demand” in German is *Nachfrage*, whereas here Weber uses *Begehr* and *kaufkräftiger Begehr*—“wants linked to purchasing power.” The underlying distinction that he makes, however, is one first made by Malthus in the first edition of his *Principles of Political Economy* (1820) when he introduced “effective demand” as distinct from Adam Smith’s “effectual demand.” See T. R. Malthus, *Principles of Political Economy*, ed. John Pullen (Cambridge: Cambridge University Press, 1989), 1:68; 2:49–50.

of capitalist calculation with regard to each and every material postulate—and assuming complete market freedom—these fundamental underlying conditions of monetary calculation represent the principal **limits** of its rationality. Such rationality has a purely **formal** character. Formal and material rationality (whatever the standard of value to which the latter might be oriented) are in all circumstances quite distinct **in principle**, even if they might empirically coincide on numerous individual occasions. Their theoretical coincidence for all occasions is conceivable only under entirely unrealistic assumptions, for the formal calculation of monetary calculation **implies** in itself **nothing** concerning the material distribution of natural goods. This is always in need of separate discussion. Given the experience of the **previous** decade, formal and material rationality relatively frequently coincide if the creation of a certain material **minimum** of provision for a maximum **number** of people is taken as the criterion of rationality. The reason for this lies in the nature of motivations set in motion by the kind of economically oriented social action unique to monetary calculation. But it is true that, for any circumstances, only when formal rationality is related to the form of **income** distribution is anything implied about the nature of material provision.

§14. Meeting need through **commercial economy** (*verkehrswirtschaftliche Bedarfsdeckung*) means that sociated (*vergesellschaftet*) economic meeting of need is effected purely through exchange; it is oriented to *Chancen* for exchange, and made possible purely through a **given set of interests**. Meeting need through **planned economy** (*planwirtschaftliche Bedarfsdeckung*) means all meeting of need within an **organisation** that is systematically oriented to **statutory**, agreed-on or imposed, material orders.

Meeting need through a commercial economy normally, and rationally, presupposes monetary calculation and, where there is capitalist calculation, the economic **separation of household and enterprise**. Meeting need by means of a planned economy depends (according to extent, however this may be defined and measured) on natural accounting as the ultimate basis of the material orientation of the economy; **formally** however, for the economic agent, it means a dependence on the directives of an administrative staff that is here quite indispensable. In a commercial economy, the orientation of activity on the part of autocephalous individual economies is autonomous: budgeting is performed in terms of the marginal utilities of money in hand and anticipated money incomes, also taking advantage of market *Chancen* in the gainful conduct of **enterprise** in terms of capitalist calculation. In a planned economy, all economic activity—insofar as it is undertaken—is on a strictly **householding basis**, oriented heteronomously to directives and prohibitions linked to prospective rewards and punishments. To the extent that a planned economy offers *Chancen* for additional income as a means of arousing self-interest, at the very least the **nature** and **course** of action rewarded in this way is limited by materially heteronomous behavioural norms. Of course, more or less the same thing **can** occur in a commercial economy, although there it formally takes a voluntaristic path. This happens everywhere that the difference between those who own property and those who do not (especially where differences in the ownership of capital goods are concerned) compels those with no property to accept **whatever they are allocated** if they are to receive any remuneration at all for the utilities they supply. These might be provided by a wealthy landlord, or it might take the form of an allocation from those possessing capital goods calculated in capitalist calculation terms (or from agents entrusted by them with their valorisation). In a pure capitalist enterprise economy, this is the fate of the entire workforce.

The deciding motivation for all economic action under commercial economic conditions is normally

1. for the propertyless:
 - a) the constraint represented by the risk of complete destitution (*Unversorgtheit*) for the individual **and** for his personal “dependents” (children, women, probably parents) for whose support the individual is typically responsible;
 - b) also, to a varying extent, an inner preparedness for gainful economic labour as a way of life;
2. for those actually privileged by the possession of property, or favoured through an education itself determined by such possession:
 - a) the *Chancen* of preferential income from gainful activity;
 - b) ambition;
 - c) the treatment of preferential (intellectual, artistic, technologically skilled) work as a “profession”;
3. for those sharing in the *Chancen* provided by acquisitive undertakings:
 - a) personal capital risk and personal *Chancen* of profit in connection with
 - b) a “professional” inner commitment to rational gain as
 - α) “proof” (*Bewährung*)⁴⁶ of one’s own accomplishment and
 - β) a form of autonomous control over those persons dependent on one’s own instructions, together with
 - γ) **Power**: exercised over the *Chancen* of being provided with that which is important to life or culture enjoyed by indefinitely many people.

A planned economy oriented to the meeting of need, if it is to be implemented in a radically consistent manner, has at least to moderate this **compulsion** to work arising from fear of complete destitution, since where needs are met materially and rationally it

⁴⁶ A central concept of Weber’s *Protestant Ethic*, and so coupling his discussion here back to arguments originally made in 1904–1905.

could not allow the **dependents** of a worker to suffer very greatly if his work were below average. Following the same logic, a planned economy has to impose broad limits on the autonomy enjoyed by managers of productive enterprises, and ultimately abolish it altogether. Furthermore, a planned economy either disregards all autonomy with respect to risk capital, or treats it in a very restricted manner; likewise, it more or less entirely disregards the idea of self-confirmation (*Bewährung*) through formally **autonomous** decision making, as it does freedom in the **autonomous** disposition of persons and *Chancen* for the meeting of needs essential to life. Besides what are (probably) purely material *Chancen* for particular gains, it also has at its disposal substantially ideal incentives of an “altruistic” kind (very broadly defined) with which it can seek to **emulate the performance** of a commercial economy, realised from experience by the autonomous orientation to *Chancen* for acquisition related to the production of goods for which there is both demand and **the means to pay for them**. Where a planned economy is pursued with thoroughness and rigour, the diminution of formal **calculative** rationality has to be simply accepted as an inevitable outcome of the absence of monetary and capitalist calculation. Material rationality and, in the sense of exact **calculation**, formal rationality, here inevitably part company: the fundamental, and ultimately, inescapable irrationality of the economy is one of the sources of any “social” problematic, and above all, for every form of socialism.

Remarks on §§13 and 14:

1. The exposition above obviously states familiar things in a rather more pointed fashion (as in the closing sentence of §14). A commercial economy is by far the most important form of typical and universal social action oriented to a given constellation of “interests.” The manner in which this results in the meeting of need is the subject of discussion within the domain of economic theory and can be treated here in principle as well known. The use of the term “planned economy” implies no kind of adherence to the familiar proposals of

a former Imperial Minister for the Economy;⁴⁷ the expression has been chosen because it does not violate ordinary language, and because it has become widely used since its initial official use (used here instead of Otto Neurath's expression "administered economy," which is not in itself an unsuitable expression).

2. The concept of "planned economy" as defined here does **not** include any economic activity of organisations, or any economic activity regulated by organisations, that is oriented to *Chancen* for **gain** (whether this involves guilds, cartels, or trusts). It only includes the economic activity of an organisation oriented to the **meeting of need**. Economic activity oriented to gain, however rigorously it is regulated or managed by an organisation, always presupposes **effective** "prices," whatever the manner in which they formally originate (in the extreme case of universal cartelisation, through compromise between cartels, wage rates set by "communities of labour," etc.), and so in turn presupposes capitalist calculation and orientation to this. "Comprehensive socialisation" in the sense of a planned economy run as a giant household, and partial socialisation (of sectors of production) retaining capitalist calculation are, despite the identity of their aims, and despite all their variants, following quite different technological **paths**. A preliminary stage of a householding planned economy is all rationing of consumption, indeed any kind of measure aimed primarily at influencing the natural **distribution** of goods. The planful management of goods **production**, whether undertaken by voluntary or compulsory cartels, or by state agencies, primarily seeks to organise rationally the employment of means of production and labour, as a consequence of which they cannot therefore—or at least not yet, it is thought—dispense with **price**. It is thus no accident that the socialism of "rationing" gets along so well with "works council" socialism, which form (contrary to the will of its rational socialist leadership) has to connect itself to the interest of the **worker in appropriation**.

3. No special discussion is devoted here to the creation of economic organisations in the form of cartels, guilds, or workers associations that regulate or

⁴⁷ A reference to the rejection by the Reich Ministry of Economics in 1919 of all plans for nationalisation, instead favouring communal ownership. See the pamphlet by Rudolf Wissell and Wichard von Moellendorff, *Wirtschaftliche Selbstverwaltung. Zwei Kundgebungen des Reichswirtschaftsministeriums* (Jena: Eugen Diederichs, 1919).

monopolise the use of **gainful *Chancen***, whether those are imposed or freely agreed on (and it is regularly the first that occurs, even where, formally speaking, the latter is the case). See above in Chapter 1, §10, for a general discussion of this, and below where the question of the appropriation of economic *Chancen* is discussed, §§19ff. The contrast between an evolutionary socialism oriented to production linked especially with Marxism and a form of distributional socialism organised around a rational planned economy (which is today once more called “communism”) has not been superseded since it was first articulated in Marx’s *Poverty of Philosophy*.⁴⁸ This contrast also ultimately underlays the division within Russian socialism between Plekhanov and Lenin, and their very acrimonious disputes. The division of socialism today, where there is very intense competition for leadership positions and their related spoils, is also implicitly determined by this problematic, where the wartime economy has favoured on the one hand a turn to a planned economy, and on the other has also favoured the development of interests in appropriation. The question of whether one **ought** to create a “planned economy” is no way to pose a scientific problem, however one defines this and whatever its extent. One can only legitimately ask as a scientific question, What consequences, for any given form, will **prospectively** arise?—a question that will have to be dealt with **if** the attempt is made to create a planned economy. It is a dictate of honesty accepted on **all** sides that while **some** factors are well known, there are just as many factors that are partly unknown. The details of the problem cannot be settled here in a materially decisive manner at all; relevant points can be touched on partially in the context of the forms assumed by organisations, especially that of the state. At this point, we have only been able to present, in an unavoidably brief review, the most elementary technological set of problems. The phenomenon of a **regulated** commercial economy has not yet been dealt with, for the reasons given at the beginning of §14.

4. Commercial economic sociation (*Vergesellschaftung*) of economic activity presupposes the **appropriation**⁴⁹ of the actual holders of utilities on the one hand, and market **freedom** on the other. Market freedom increases in significance (1) the more complete is the appropriation of the actual

⁴⁸ Weber here places in parenthesis a reference to p. 38 of the German edition first published in 1885 by Dietz (Stuttgart), the 1919 edition being the sixth unrevised edition.

⁴⁹ See the Translation Appendix for discussion of Weber’s idiosyncratic use of “appropriation.”

holders of utilities, especially of means of production and of transport; for their maximum degree of marketability implies a maximum orientation of their economic activity to market situations. It also increases (2) the more that appropriation is limited to **actual** holders of utilities. Every appropriation of human beings (slavery, bondage) or of economic *Chancen* (client monopolies) places a limitation on human action oriented to market situations. Fichte was right in his *Closed Commercial State*⁵⁰ to regard this restriction of the concept of “property” to material goods (while at the same time extending the content embodied in property to autonomy of powers of disposal) as the characteristic feature of the organisation of property in a modern commercial economy. All those **with an interest in the market** had a stake in the way such a reorganisation of property eased their orientation to those *Chancen* of gain that the market situation provided, and the development of this particular form of property order was consequently largely due to their influence.

5. In spite of its common use, the term “communal economy” is here avoided for reasons of practicality, since it presumes a “common interest” or “communal feeling” that is conceptually misplaced: the economies of a feudal lord or a monarch such as the Pharaohs of the Egyptian Empire, as contrasting with commercial economy, belong to the same category as that of a domestic household.

6. The concept of “commercial economy” is quite independent of the existence and extent of a “capitalist” economy, that is, economic activity oriented to capitalist calculation. In particular, the normal type of commercial economy involves meeting need through a monetised economy. It would be wrong to assume that the existence of capitalist economic activity developed in step with the increased use of money to meet need, hence, that it entirely followed the course taken in the Occident. Rather, the opposite is the case. The increased extent of a money economy could be accompanied (1) by the increasing monopolisation of *Chancen* of making large profits on the part of a ruler’s household. This occurred in ancient Egypt during the time of Ptolemy, for which domestic account books show that the money economy was very developed, but they also show that this did remain a form of monetary accounting

⁵⁰ Johann Gottlieb Fichte, *Der Geschlossene Handelsstaat. Ein philosophischer Entwurf als Anhang zur Rechtslehre und Probe einer künftig zu liefernden Politik* (Tübingen, 1800).

based on the household, and never became capitalist calculation. Or (2) with the rise of a money economy, the farming out of fiscal *Chancen* could arise, resulting in a traditionalist stabilisation of the economy (as in China, which will be discussed at the appropriate point). Or (3) the capitalistic valorisation of monetary property could be directed towards investments **other than** those oriented to exchange *Chancen* in a free goods market, and hence **not** oriented to acquisitive *Chancen* represented by the **production of goods** (which is almost exclusively the case outside the modern occidental economic region, for reasons that will be discussed below).

§15. Every typical form of economically oriented social action and economic sociation within a human group involves to some extent a particular form of division and coordination of human work (*Leistungen*)⁵¹ for the purpose of producing goods.⁵² Any glance at the realities of economic action reveals the distribution of quite various tasks to different persons, and the coordination of these distributed tasks into work done in common that combines with material means of production in the most diverse ways. Nonetheless, among the endless variety of these phenomena some **types** can be distinguished.

Human work (*Leistungen*) of an economic kind can be either

a) dispositional⁵³ or

⁵¹ *Leistung* is a key concept in §§15–19, but it is used in a very particular way (see the Translation Appendix). Weber contrasts *Leistung* (performance/output) with *Arbeit* (which he defines here as “the use of time and effort”). Here *Leistung* is translated as “work” by analogy with physics: “something done when a force applied to an object moves that object, the *outcome*, the *effect* of time and effort, of ‘labour.’”

⁵² Note here that Weber is discussing what is otherwise known as the “division of labour,” but his approach to it requires that we retain some of his terminology.

⁵³ “Disponierende” and “an Dispositionen orientierte.” Parsons (p. 219) translates the first as “managerial” and the second as “oriented to the instructions of a managerial agency.” This has to do with the absence, at the time Weber was writing, of a strict equivalent in German for the English verb “to manage.” There was then a German term for “the management”—*die Betriebsleitung*—but this has fallen out of general use and the German language has since adopted

- b) oriented to the dispositions of others—**labour** (*Arbeit*) (in the sense of the word generally employed here).

The work of “disposition,” or managing others, is of course **also** in every conceivable respect, labour, if by “labour” we mean a claim on time and effort. The choice of the expression “labour” in the following **in contrast to** “dispositional work” follows the way “labour” is, for social reasons, commonly used today, and will be employed below in **this** special sense. Generally, however, one should refer to “work” (*Leistungen*).

The forms that work and labour can assume in a human group can typically be distinguished as follows:

1. **technologically**—according to the manner in which, for the technological execution of a productive procedure, several associates’ work is divided among their number, and is reconnected and linked to material means of production;
2. **socially**—
 - A) according to the way individual work is the object of autocephalous and autonomous **economic action**, or not, and according to the economic character of this economic action, which brings us directly to:
 - B) the degree and nature to which (a) individual work; (b) material means of production; (c) economic *Chancen* of acquisition (whether they are sources for acquisition or means for it) are themselves **appropriated**, or not; and the consequent form of (α) occupational structure (*Berufsgliederung*) (social) and (β) **market** formation (economic).

the anglicism *das Management*. In any case, the sense Weber is using here is more general, and relates to the concept of *Verfügung*, translated here as disposal / disposition, and which, it could be argued, is actually the German form of the Latin *dispono*—so that *Disponieren* and *Verfügung* are simply Latinate and German words for the same idea, like *Ökonomie* and *Wirtschaft* (the former coming via Latin from the original Greek). “Dispositions” is therefore used here to retain the link to “disposal,” in the sense of “making dispositions,” which is hidden by the use of “managerial.”

Finally,

3. for every way in which work is conjoined, and combined with means of production, and for every way in which it is distributed among economies and appropriation—the **economic** question has to be posed: Is it employed for householding, or for gainful ends?

Here and in the following paragraphs one should consult the enduringly authoritative account given by Karl Bücher in his entry “Gewerbe” in the *Handwörterbuch der Staatswissenschaften*,⁵⁴ together with his book *Die Entstehung der Volkswirtschaft* [Tübingen, 1893] (both fundamental works); deviation from his terminology and classificatory framework here being made only for reasons of convenience. There is little point in citing other literature since what follows here contains no **new** results but presents a classification that is useful for our purposes.

1. It has to be emphasised that we are only here recapitulating the **socio-logical** side of phenomena as briefly as is possible given the context, and we are dealing with the economic side only to the extent that it finds expression in formal sociological categories. This account would be **substantively** economic only if it included discussion of price and market conditions that, so far, have been dealt with at a theoretical level only. The material aspect of such issues could only be integrated as theses in such general prefatory remarks at the cost of a **very** inopportune one-sidedness. Moreover, **purely** economic explanatory methods are at once seductive, but questionable. For instance, the Dark Ages from the tenth to twelfth centuries have been thought decisive for the emergence of that form of medieval labour which, while subject to organisational regulation, was in a sense “free labour.” It has been further thought that **specific** ruling powers—lords controlling land, persons, and courts—found themselves having to **compete** for **rental Chancen** arising from the qualified labour of peasants, miners, and artisans. The epoch thought decisive for the development of capitalism is that of the great price revolution of

⁵⁴ Karl Bücher, “Gewerbe,” *Handwörterbuch der Staatswissenschaften*, Bd. 3 ed. J. Conrad (Jena: Gustav Fischer, 1892), pp. 922–950.

the sixteenth century. This involved both an absolute and a relative **increase in prices** for (practically) all (occidental) **agricultural** produce, which, conforming to well-known principles of agricultural economy, both prompted and facilitated the emergence of trading **enterprises**, which in England took the form of capitalist enterprises, and in those regions between the Elbe and Russia, large patriarchal estates. By contrast, for important **manufactured** products the price revolution certainly involved for the most part absolute price increases, but **not** a general rise in **relative prices**; instead, typically a **general reduction in relative prices** occurred, thus stimulating the formation of enterprise forms capable of competing in a market—insofar as circumstances favoured enterprises together with other external and internal preconditions. In Germany, this was **not** thought to be the case, with its economic “decline” therefore being held to begin at this point. Later, as a consequence, the capitalist industrial enterprise emerged. The precondition for this is thought to be the emergence of **mass** markets. The most important sign that these were already in the course of formation can be found in specific changes in English trading policy (disregarding other phenomena). To be cited as proof of **theoretical** considerations, these and other similar claims have to be evaluated in terms of the **material** economic specificity of developments in economic structure. But that cannot be done here. These and numerous similar, and quite debatable, theses cannot be included in what are here, quite intentionally, merely sociological **concepts**, even when they are not thought to be entirely false. In the observations following in this chapter, we renounce any such attempt in **this** form, as we have done in the foregoing with the treatment of theories of price and money. This repudiation also involves, quite consciously, any genuine “explanation” in the following sections of this chapter; we limit ourselves for the time being to sociological **typification**. This cannot be emphasised too strongly. For only **economic** circumstances provide the flesh and blood of a genuine explanation of the **course** also taken by sociologically relevant trends. This account is for the moment concerned only with the provision of an initial framework so that we might be able to work with tolerably unambiguous concepts.

It is clear that the schematic systematisation presented here is not only inadequate to the empirico-historical sequence of individual possible forms, but also to the **genetic** typology of this sequence.

2. It is commonly, and properly, argued that in economic terminology there is often a failure to distinguish “enterprise” (*Betrieb*) from an “undertaking”

(*Unternehmung*). In the domain of economically oriented action, “enterprise” is strictly speaking a **technological** category, the manner of continuously combining together particular kinds of labour outputs (*Arbeitsleistungen*), as well as combining such outputs with material means of production. Its converse is either (a) irregular or (b) **technologically** discontinuous action, as always happens in every purely empirical household. The converse of the practice of “venturing” (*Unternehmen*),⁵⁵ a form of **economic** orientation to gain, is by contrast, “householding” (orientation to the meeting of need [*Bedarfsdeckung*]). But this contrast of “venturing” and “householding” is not an exhaustive one, for there are **acquisitive** activities that do not fall under the category “venturing”: all instances of seeking gain from **work**, such as done by the writer, the artist, or the official, are neither the one nor the other. On the other hand, the drawing and consumption of **rental income** is obviously “householding.”

It is notable that, despite this dichotomy, one has talked always of “**acquisitive** enterprise” (*Erwerbsbetrieb*) where there is continuous, connected, and enduring entrepreneurial **action**: this is, in fact, inconceivable **without** the constitution of “enterprise” (probably a sole trader without assistants). And the main point here was to emphasise the separation of householding and enterprise. As can now be established, use of the expression “acquisitive enterprise” instead of continuous acquisitive venturing is acceptable (because unambiguous) only in the simplest case where the **technological** unit of enterprise coincides with the unit of venturing. In the commercial economy, however, several technologically separate “enterprises” can be brought together into one “venture.” This latter is then naturally **not** constituted through the mere personal union of the entrepreneur, but through the unity of focus on some kind of **unitary** plan of utilisation for the purposes of acquisition (and transitional cases are possible). Where only “enterprise” is referred to, this is always understood to be a technologically separate unit—with respect to buildings, means of labour, labour force, and (probably heterocephalous and heteronomous) **technological** management—of the same kind that exists in the communist economy (as it is already widely known). From this point, “acquisitive enter-

⁵⁵ *Das Betrieb* is a noun related to the verb *treiben*, in this case “to pursue,” “to impel”; *die Unternehmung* is a noun formed from the verb *unternehmen*, “to venture,” “to undertake,” an “undertaking” in the singular concrete sense; *das Unternehmen* is a different (neuter) noun formed from the same verb that implies the general sense of “undertaking,” hence “venturing.”

prise" will only be used where the technological and economic unit (undertaking) coincide.

The relation of "enterprise" and "undertaking" becomes terminologically very difficult when we introduce categories such as "factory" and "household manufacture."⁵⁶ The latter is quite clearly a category of **undertaking**. According to the conventional sense of "enterprise," an enterprise run by a merchant on the one hand, and enterprises as a **part of artisan households** with specified **tasks** on the other (excluding workshop labour, except where such labour is subcontracted by a peripatetic manufacturer), operate on quite different lines. The process is quite unintelligible in terms of enterprise, and categories such as market, undertaking, household (of the individual worker), and valorisation of paid work through acquisition are used instead. It **would** be possible, as has been suggested, to define "factory" in an economically neutral fashion since the kind of worker (free or unfree), nature of specialisation of labour (the presence or absence of internal technological specialisation), and means of labour employed (machinery, or not) **can** be left to one side. This would amount to **workshop** labour. Nonetheless, the definition **still** has to take account of the form of **appropriation** of workshops and means of labour (to **one** owner), otherwise the concept suffers a loss of clarity, like that of the *ergasterion*.⁵⁷ And once that happens, it **then** seems in principle more convenient to consider both "factory" and "domestic industry" as rigorously **economic** categories of an undertaking based on **capitalist calculation**. In a thoroughly socialist order, the "factory" would be as rare as "domestic industry," being characterised instead by natural **workshops, sites, machines, and tools**, together with workshop and domestic labour of all kinds.

3. The problem of economic "developmental stages" has not yet been dealt with, or has been raised only where the context renders it completely unavoidable and some comment was necessary. Here we can confine our comments to the following:

⁵⁶ That is, where manufacturing is conducted in a domestic setting and coordinated by a peripatetic "manufacturer" who supplies materials and collects finished goods, often referred to as the "putting-out system."

⁵⁷ Greek for "workshop." Weber discusses the genesis of this form in *General Economic History*, trans. Frank Knight (New York: Greenberg, 1927), pp. 127–28.

Recent and more exact distinction of forms of **economy** and forms of economic **policy** is quite justified. Schmoller's terminology of stages,⁵⁸ anticipated by Schönberg⁵⁹ and since modified—household economy, village economy (to which additional “stages” were added in the form of landlords' and patrimonial household economy), urban economy, territorial economy, and national economy (*Volkswirtschaft*)—is determined by the form of the **organisation** regulating the economy. But that does not imply that only the form of this economic **regulation** varied according to the differing scope of organisations. So, for example, German “territorial economy” to a very great extent simply adopted urban economic regulation, and its **new** measures were not qualitatively distinct from the “mercantilist” policy of specifically patrimonial, but also relatively rational, **state** organisations (and so represented *Volkswirtschaftspolitik* in the usual, rather unfortunate, expression). None of this implies at all that the inner structure of the economy—the manner in which work was specified, specialised, and combined, the manner in which such work was distributed to independent economies, and the manner in which labour valorisation, means of production, and *Chancen* for gain were appropriated—was in conformity with the scope of the organisation that was a (possible!) medium of economic **policy**, and ultimately, that scope and inner structure had the same **meaning**. Comparison of the Occident with Asia, and of the modern with the ancient Occident, would show just how mistaken such an idea is. Nonetheless, **economic** consideration cannot neglect the existence or nonexistence of organisations **substantively** engaged in economic regulation—not, of course, just **political** organisations, or the prime **meaning** of their regulatory mandate. The **form** of **acquisitive activity** is very strongly determined by this.

4. The purpose of this discussion is also here, above all: determination of the optimal preconditions of **formal** rationality of the economy and its relation to **substantive** “demands,” of whatever kind.

⁵⁸ Gustav Schmoller, “Studien über die wirtschaftliche Politik Friedrichs der Großen und Preußens überhaupt von 1680 bis 1786. II,” *Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft im deutschen Reich*, N. F. Jg. 8 H. 1 (1884): 15–61.

⁵⁹ Gustav Schönberg, “Zur wirtschaftlichen Bedeutung des deutschen Zunftwesens im Mittelalter,” *Jahrbücher für Nationalökonomie und Statistik*, Bd. 9 (1867): 1–72, 97–169—pp. 164ff.

§16. The forms in which work is structured can be distinguished **technologically** as follows:

A. with respect to the distribution and coordination of **work performed**, namely:

1. according to the nature of the range of work taken on by **one and the same** person. These can either
 - a) be united in the hands of that person
 - α. be simultaneously the work of management and of execution, or
 - β. be only one or the other.

With regard to a), the contrast is, of course, relative, since someone who normally only engages in managerial work (e.g., a large farmer) does occasionally “lend a hand.” Otherwise, every small peasant, craftsman, or bargee comes under α.

- b) One and the same person performs either
 - α. work (combination of work) that results in technologically **varied** and various final outcomes, either on account of
 - αα) insufficient specialisation of work for technological reasons
 - ββ) seasonal changes; or
 - γγ) to make use of resources and powers that cannot be effected by a primary occupation (supplementary work).

Or one and the same person performs

- β. only **specialised** work, which is either
 - αα) specialised with respect to the end result; hence, the same functional agent completes all the necessary, technologically **differentiated**, simultaneous, and successive work (so that in **this** sense we are dealing with the **combination** of work): this is **specification of work**; or

$\beta\beta$) specialised technologically according to the nature of the **work** involved, so that if necessary the final product can only be realised through the simultaneous or successive work of many persons: **specialisation of work**.

The contrast is in many instances a relative one but exists in principle and is historically important.

Regarding $b)\alpha$: the case $\alpha\alpha$ typically arises in primitive household economies in which, apart from the typical sexual division of labour (more about this in Chapter 5), each performs every task as and when necessary.

In the case of $\beta\beta$), there is the typical seasonal change from agricultural to manufacturing work in the winter period.

For the case $\gamma\gamma$), there is rural **supplementary** work taken on by urban workers, and also the many forms of “working on the side” done because the time was available, a practice that has survived into modern office work.

With respect to $b)\beta$: in the case of $\alpha\alpha$), quite typical is the way occupations were organised during the Middle Ages wherein a huge number of craft industries dealt in **one** specific end product even as what were often technologically quite heterogeneous labour processes led to this end—which is an instance of the **combination** of work. The case of $\beta\beta$) covers the entire modern development of labour. But from a rigorous psychophysical standpoint, hardly any of the most intensely “specialised” labour is **isolated** to any great extent; there is always an element of work **specification** involved, except that it is no longer oriented to the final product, as during the Middle Ages.

The way work is distributed and coordinated (see A above) can be further distinguished

2. according to the way the work of several persons is **combined** to achieve **one** outcome. There is the possibility of
 - a) the **amassing** of work: the technological coordination of **similar** work on the part of several persons for the purpose of attaining an outcome

- α. by means of ordered, technologically independent work performed in parallel;
- β. by means of sociated (similar) labour technologically organised to form a larger production.

In the case of α, examples would be reapers or pavers working in parallel; in the case of β, in ancient Egypt, thousands of forced labourers were harnessed together to move huge stones, all of them doing the same work, pulling on a rope.

- b) The **coordination** of work: the technological coordination of qualitatively **different**, hence specialised [A.1.b] β.ββ] work for the achievement of an outcome:
 - α. through work whose elements are technologically independent of each other
 - αα. simultaneously, hence parallel
 - ββ. successively performed specialised labour, or
 - β. through technologically specialised (technological complementarity), **sociated** labour performed simultaneously.

1. In the case of α.αα, an especially simple example is the work running in parallel in spinning on warp and woof, and there are many very similar labour processes that can be likened to this—in fact **all** labour processes running in parallel that are technologically independent but are directed to one ultimate end product.

2. In the case of α.ββ, there is the relation between spinning, weaving, fulling, dyeing, and finishing that is the most common and simple form, but for which there are examples in all industries.

3. In the case of β, beginning with the holding of a piece of iron and the hammerblow of the smith (and which on a larger scale is repeated in every modern boilermaking plant), any kind of joint “manual manipulation” in the modern factory—not typical of this alone, but an important characteristic

nonetheless—is quite typical. Beyond the factory, the ensemble of an orchestra or a troop of actors are quite typical.

§17. Continuation from §16.I.

The forms in which work is structured can also be distinguished technologically as follows:

B. according to the degree and manner of combination with complementary material means of production. First,

1. to the extent that they
 - a) offer pure services;

Examples: washerwomen, hairdressers, artistic offerings from actors, and so forth.

- b) create or transform material goods, that is, process “raw materials” or transport them. More precisely, insofar as these
 - α. work related to application or installation
 - β. work related to the production of goods
 - γ. work related to the transport of goods. The contrast is entirely fluid.

Examples of work related to application or installation: whitewashers, upholsterers, plasterers.

Furthermore:

2. According to the degree to which they make produced goods ready for final consumption.

From agricultural or mining products to those suitable for final consumption, **and** those products brought to the **location** of consumption.

3. And finally, to the extent that they make use of
 - a) “installations” (*Anlagen*), to wit
 - $\alpha\alpha$) power plants, that is, means for the realisation of usable energy, whether this involves
 - i. natural sources of energy (water, wind, fire), or
 - ii. mechanised sources of energy (primarily steam, or electric or magnetic).
 - $\beta\beta$) separated workshops
 - b) working instruments, that is
 - $\alpha\alpha$) tools
 - $\beta\beta$) apparatus
 - $\gamma\gamma$) machinery

and probably: only one or the other, or none at all of these categories of means of production. Pure “tools” are those working instruments whose production is oriented to the psychophysical conditions of human manual labour; “apparatus” requires for its working that human labour “operate” it; and “machinery” is mechanised apparatus. The entirely fluid distinction of these has a certain significance in the characterisation of particular epochs of industrial technology.

For today’s large-scale industry, the characteristic use of installations and machinery is **technologically** determined by (a) the specific capacity and the saving of human labour, and (b) a specific constancy and predictability in output with respect to quantity and quality. It is therefore rational only where there exists a sufficiently broad need for the products in question. In terms of the conditions of commercial economy, this means sufficiently broad-based purchasing power for goods of the relevant kind, as well as the distribution of money incomes that corresponds to this.

Even a modest outline of a theory of the development of the economics and technology of tools and machinery is, of course, here entirely out of the question. “Apparatus” is here used to refer to working instruments such as the treadle loom and numerous similar pieces of equipment. These do, however, express the **autonomy** of mechanical technology with respect to the

human (or even animal) organism, without whose existence machinery as employed today would never have been invented (as, e.g., the mechanised conveyors used in mining). Leonardo's "inventions" were "apparata."

§18. II. The nature of the division of work (*Leistungsverteilung*) is **socially** differentiated by

A. the manner in which qualitatively different or especially complementary work is distributed between autocephalous and more or less autonomous **economies**, which themselves can be **economically** distinguished as either (a) households or (b) acquisitive enterprises. There are two possible variants:

1. a unified economy with purely **internal**, and therefore with an entirely heterocephalous and heteronomous, purely technological specialisation of work (or specification of work) and coordination of work (division of work within a unitary economy). Economically, the unitary economy can be
 - a) a household;
 - b) a gainful undertaking.

A unitary **household** writ large would be a communist economy, and on a small scale, the primitive family economy that included most, if not all, work associated with the provision of goods (closed household economy). The type of gainful enterprise with internal specialisation and coordination of work is of course the combined giant undertakings that have an exclusively trading relationship with third parties. These two contrasting types begin and provisionally end the development of the autonomous "unitary economic action."

2. Or there is a division of work **between** autocephalous economies. This can be
 - a) the specialisation or specification of work between heteronomous but autocephalous single economies

oriented to an order established by agreement or compulsion. For its part, this order can be substantively oriented

1. to the needs of a superior economy, either
 - α. the **household** of a ruler (division of work as per the *oikos*), or
 - β. a seigneurial (*herrschaftlich*) acquisitive economy;
2. to the needs of the members of a cooperative organisation (economic division of work within the organisation), which are from the economic point of view treated either
 - α. as households or
 - β. as gainful economies.

For its part, the organisation can conceivably be in all these cases

- I. solely concerned with (substantive) economic regulation, or
- II. at the same time, an economic organisation. Alongside all of these there is also
 - b) specialisation of work in a **commercial** economy between autocephalous and **autonomous** economies substantively oriented only to the given state of interests, hence formally only to the directive function of an ordering organization (Chapter 2, §5.d)).

1. Typical for the organisation concerned solely with the regulation of economic activity (I) that assumes the form of a cooperative household (2α) is the organisation of Indian village craft work. The typical economic organisation (II) is the household of a ruler who allocates the household needs of a prince, landowner, or feudal lord (or in the case of princes, also political needs) to the individual economies of their subjects, vassals, bondsmen, slaves, cottars, or village craft workers (see below); as such, this type is both primeval and universal. The regulation of economic activity in those instances falling under 1. was often, for example, payment in finished goods on the part of those

who were within a landowner's jurisdiction in the first case, or that of a town corporation in the second, so long as such payments served only fiscal and **not** material ends. Further such regulation of gainful economic activity [a]1.β] apportioned a levy on the output of domestic industry to individual households.

Typical of the economic organisation (II) for a)2.β are all cases where the specialisation of work has been forced on some small long-established industries. Metalworking in Solingen was originally based on a specialisation of work that had been reached through communal agreement, and only later did it assume the form of seigneurially coordinated manufacturing (the *Verlag* system).

Economic activity regulated by an organisation as in 2.β.I includes all trade governed by village or urban economies, to the extent that they have a **material** impact on the manner in which goods are produced.

2.b) is the modern commercial economy.

Some further details can be added to the above.

2. Those organisations of the type 2.α.I are oriented to household economy in a particular way: through their orientation to the foreseeable need of individual **members** rather than to the (village) **organisation's** budgetary aims. Specified obligatory contributions oriented to this will be called **demiurgic services in natura**, and the form in which this need is met, **demiurgic** meeting of need. This is always a matter of corporate organisation of the division of labour and, probably, also of the coordination of labour.

This nomenclature will not, on the other hand, be used for an **organisation** (whether a seigneurial or cooperative order) that has, as in 2.a)II, its own economy for which contributions are levied by specialisation. Types of this kind are specialised or specified contributions in kind made by feudal manors, landed estates, and other large households. Also included here are the obligations assigned to organisations such as those of princes and political, communal, or other groups that are not primarily oriented to economic ends but that contribute to the **households** of rulers or of the organisation. Such qualitatively specifically ordered obligations to be rendered in labour services or in kind by peasants, craftsmen, and traders will be called **oikos-based services in kind** where large-scale personal households are the recipients, and **corporate services in kind** where corporate budgetary units are the recipients. The principle involved in this way of providing for the budget of an economically active organisation will be called "meeting of need **through the**

provision of (liturgical) services.” This particular form in which needs have been met has played an extraordinarily important historical role, as will be discussed below. In political organisations, it represented the position of modern “finance,” while in economic organisations it implied a “decentralisation” of the central household by shifting its needs to units no longer part of this common household, but which had established their own independent households and owed contributory obligations, and were hence dependent—such as peasants owing labour services or tithes, estate craft workers, and those owing payments of all kinds. Rodbertus was the first to apply the term *oikos* to the large ancient household,⁶⁰ the leading conceptual feature of this term being intended to convey the principle that needs were met autarchically through the work of household members or of labour belonging to the household, for whom material means of provision were available without need for any exchange. In fact, the landed, and even more so, the princely, household of antiquity (especially the Egyptian “New Kingdom”) converged to varying degrees on one type, although rarely in any pure form: provisioning of large households was effected through obligations in labour and in kind imposed on dependent households. The same can at times be found in China and in India, and to a lesser extent, in our Middle Ages, beginning with the *capitulare de villis*: there was usually no lack of external transactions, but these transactions assumed the form of exchanges between households. There was likewise no shortage of monetary contributions, but these played a minor role in the meeting of need and were bound up with tradition. External transactions on the part of economies burdened with services to be rendered in kind or in labour were also not uncommon. But what was decisive was that the bulk of needs were met through the provision of goods in kind as the settlement for services levied: goods in kind or tithes were the outcome. There are, of course, intermediate forms between the two. But in every case, the organisation economically regulated the orientation of work performed with respect to the division and coordination of labour.

⁶⁰ Rodbertus, “Untersuchungen auf dem Gebiete der Nationalökonomie des klassischen Alterthums. II. Zur Geschichte der römischen Tributsteuern seit Augustus,” *Jahrbücher für Nationalökonomie und Statistik*, Bd. 4 (1865): 343n3; Bd. 5 (1865): 41ff.; Bd. 8 (1867): 386–91, 400, 405, 446ff.

3. Considering the organisation engaged in the regulation of economic activity [a]2.I], for the instance β (acquisitive economic orientation), a fairly pure type is the economic regulation performed by the occidental medieval commune, as also in the guilds and castes of China and India: here the regulatory activity controlled the number and kind of master's positions available, and the labour techniques concerned, consequently regulating the orientation of labour in craft industry. **In this regard**, the purpose was **not** provision for consumer need through the products of craftsmen, but (if not unfailingly, then very frequently) securing gainful opportunity to the craftsman, maintaining in particular the quality of work done and allotting output directly to clients. As with any regulation of economic activity, this of course implied a limitation of market freedom and so, associated with this, of the freedom for autonomous gainful orientation on the part of craftsmen. For their part, their orientation was to sustaining the "continued existence" of their own enterprises, and so, despite the gainful form assumed by their economic activity, this was nevertheless in substance closely linked to a householding orientation.

4. For case 2.II. β , apart from the pure types of domestic industry already introduced, the principal examples are the landed estates of eastern Germany, oriented to the order of an *Instmann*⁶¹ economy, and those in the northwest oriented to an economy in which free hired agricultural hands (*Heuerlinge*) played a substantial part. The landed estate, like the *Verlag* system linked into domestic industry, represents gainful enterprise for the landowner and the manufacturer. The economic enterprises of *Instleute* and domestic industrial workers are oriented, with respect to the division of labour and work relations forced on them and to their acquisitive activity in general, mainly to the obligatory services forced on them by the labour organisation of the estate, or by their dependence on domestic industry. Apart from this, they remain forms of householding. Their gainful activity is not autonomous, but rather heteronomous gainful activity for the benefit of the enterprise of landowner or manufacturer. Depending on the extent to which there is substantive uniformity in this orientation, circumstance can render the purely technological division

⁶¹ An *Instmann* was an estate labourer with a one-year contract who was paid both in cash and with goods in kind (*Deputat*). His wife was available for occasional estate labour, and the family was granted land and housing.

of labour **within** one and the same enterprise, very much like that which prevails in a “factory.”

§19. Continuation of §18.II. The division of work is further **socially** differentiated by

B. the manner in which existing *Chancen* for work designated for remuneration are **appropriated**.⁶² The object of appropriation can be

1. *Chancen* for realising the gains from work done (*Leistungsverwertungschancen*);
2. material means of production;
3. *Chancen* for gain from the work of management (*disponierende Leistungen*).

For the sociological concept of “appropriation,” see Chapter 1, §10.

1. The appropriation of *Chancen* for the valorisation of labour: possibilities are
 - I. that the work might pass to a single recipient (a ruler) or to an organisation;
 - II. that the work is sold on the market.

In **each** case, the four following radically contrasting possibilities exist.

The first of these possibilities:⁶³

- a) monopolistic appropriation of *Chancen* for valorisation to the individual worker (**free guild labour**) as
 - α. heritable and alienable, or
 - β. personal and inalienable, or

⁶² Note that here, as elsewhere, Weber uses the term “appropriated” to mean what is otherwise understood as “allocated.” See the Translation Appendix.

⁶³ There is some confusion here in the sequencing, discussed in MWG I/23, p. 315n83.

- γ. still heritable, yet inalienable—in all of these cases, either unconditionally or linked to material presuppositions.

Examples for 1.a)α are I. the Indian village craftsman; II. medieval rights to pursue a trade related to a piece of land or a building; for 1.a)β in case I, all “rights to office”; for 1.a)γ.I and II, specific medieval rights, but above all, those Indian rights to pursue a trade and medieval “offices” of the most diverse kind.

Second possibility:

- b) Appropriation of the valorisation of labour power to an **owner of the worker (unfree labour)**
 - α. freely, that is, heritable and alienable (complete slavery), or
 - β. while heritable, either inalienable, or not **freely** alienable, but rather, for example, alienable together with the material means of labour, especially land (bondage, serfdom).

The appropriation of the valorisation of labour to a ruler can be substantively limited (see b)β, bondage). The labourer cannot unilaterally leave his position, but neither can it be unilaterally taken from him.

Appropriated, valorised labour can be used by its owner

- a) in his household, either
 - α. as a source of rent *in natura* or in money, or
 - β. as labour power in the household (domestic slaves or bondsmen);
- b) for gainful ends,
 - α. either as αα providing commodities, or ββ working-up provided raw materials for disposal through sale (**unfree domestic industry**),
 - β. as labour employed in an enterprise (slave or bondage enterprise).

“Owner” is here and consistently in the following employed to designate a person participating in the labour process who is (normally) **not as such** necessary to the work of production or of direction. As owner, he can be the “manager,” but this is not necessary, and very often not the case.

In antiquity and the early medieval period, the use of slaves and bondsmen (vassals of all kinds) in “households,” **not** as workers in a gainful enterprise, but as a source of rent, was quite typical. Cuneiform writings describe, for example, the slaves of a Persian prince who were apprenticed **perhaps** so that they might work for the household as labour power, but **perhaps**, on the other hand, so that they might work **substantively** freely for a customer in return for a payment (Greek, *ἀποφορά*; Russian, *obrok*; German, *Hals* or *Leibzins*). For Hellenic slaves, that was certainly the rule (although not, of course, one without exception), while in Rome this kind of independent economic activity providing *peculium* or *merx peculiaris* (and of course, payments made to rulers) became established as a legal institute. During the Middle Ages, serfdom quite often and extensively declined (for example, in western and southern Germany), to a rental right levied on otherwise almost completely independent persons; in Russia, the actual limitation of the ruler to an *obrok* relationship with otherwise independent serfs (even if the legal basis for this was precarious) was quite common, although not the rule.

In the domestic industry conducted on landed estates (certainly including many princely estates, and quite possibly those of the pharaohs), “gainful” use of unfree labourers assumed the form of

- a) unfree **obligations**: the provision of goods in kind, the raw material for which (e.g., flax) had been cultivated and worked up by the workers themselves (bonded peasants); or
- b) unfree **valorisation**: the working up of material that the ruler delivered. The product was possibly, at least in part, turned into money by the ruler. But in very many cases (as in antiquity) this market valorisation of the product remained a limited, casual activity, although this was not the case in early modernity in the German-Slav border regions. Here in particular (but not only here) domestic industries formed on landed and feudal estates. Feudal acquisitive activity could become a continuous **enterprise** that takes the form of either

- a) **unfree home working**, or
- b) unfree workshop labour.

Both can be found, the latter as **one** of the different forms assumed by the workshop in antiquity, in the workshops of the Temple and of the Pharaohs; in depictions on tomb frescoes of private feudal lords in the Orient; in Hellas (Demosthenes's workshop in Athens); in Roman auxiliary estate enterprises (see the description by Gummerus) in Byzantium; in the Carolingian *genitum* (equivalent to *Gynaikeion*); and, in recent times, for example, the Russian serf factory (see Tugan-Baranovsky's book on the Russian factory).⁶⁴

Third possibility:

- c) The absence of **any** form of appropriation (formally **free labour** in this sense of the word): work on the basis of a mutually voluntary contract. The contract can, however, be **substantively** regulated in a variety of ways by conventional or compulsory legal statutory working conditions.

Freely contracted labour can be valorised and is typically employed

- a) in a household:
 - α. as casual labour (Bücher calls this "wage labour");⁶⁵
 - αα) in a tenant's own household (*Stör*);
 - ββ) or based in the labourer's household (Bücher calls this "homeworking")
 - β. as permanent employment
 - αα. in a tenant's own household (rented domestic services);
 - ββ) or based in the labourer's household (the colonate is typical)
- b) as gainful labour,
 - α. as casual labour, or as

⁶⁴ M. I. Tugan Baranovsky, *Geschichte der russischen Fabrik* (Berlin: E. Felber, 1900); first published in Russian in 1898, translated into English as *The Russian Factory in the 19th Century* (Homewood, IL: R. D. Irwin, 1970).

⁶⁵ See the discussion in Karl Bücher, *Die Entstehung der Volkswirtschaft*, pp. 86–115.

- β. permanent labour—in both cases, likewise either
 1. based in the labourer's household (homeworking), or
 2. in an owner's separate enterprise (estate or workshop labourer, especially: factory worker).

In a) the labour contract places the worker in the service of a **consumer** who “directs” the work; in 2. the worker is at the disposal of an acquisitional **entrepreneur**—and while there might here be legal equality in form, economically there can be a yawning gulf. Colonnate workers **can** be both, but **typically** work for an *oikos*.

Fourth possibility:

- d) The appropriation of *Chancen* for the valorisation of labour can finally devolve to a workers' **organisation** **without** any, or without free, appropriation to the individual labourer, through
 - α. absolute or relative external closure;
 - β. exclusion or limitation of the power of the manager to deprive a worker of the *Chancen* of gainful employment without involvement of the worker.

Here belongs any appropriation to a **caste** of workers or to a “miners' community” of this kind (as in medieval mining), to a group of court retainers, or to the “threshers” of a landed estate. This form of appropriation continues down through infinite degrees of differentiation through the social history of all regions. The second form, also widespread, is the Trade Union “closed shop,”⁶⁶ and this has become especially modern with the emergence of “workers' councils.”⁶⁷

⁶⁶ English in the original.

⁶⁷ *Betriebsräte*, strictly “works' councils.” Here Weber is referring to councils formed following the 1916 law conscripting labour into employment, which in 1918–1919 involved workers' direct control of enterprises, and so more accurately translated as “workers' councils.”

Any appropriation of workplaces in gainful enterprises to workers, **just as** in reverse the appropriation of the valorisation of workers (“unfree”) to owners, implies a restriction to the free recruitment of the labour force, and hence to the **selection** of workers according to their optimal efficiency, and hence also a limitation on the **formal** rationalisation of economic activity. This substantively furthers the restriction of technological rationality insofar as

the gainful **valorisation** of the products of labour are appropriated to an **owner**;

- a) the tendency exists to allocate quotas for work performed (traditional, conventional, or contractual),
- b) there is a diminution or, where the worker is entirely appropriated to the owner (slavery of a people), complete disappearance of any interest the worker might have in working at an optimum level;

II. there is appropriation to the worker through a conflict between the worker’s self-interest with respect to a traditional life-situation (*Lebenslage*) and efforts on the part of those seeking to realise value to (a) force their work to a technologically optimum level, or (b) employ technological substitutes for their labour. Masters (*Herren*) will thus always be inclined to transform valorisation into a mere source of **rent**. Appropriating the realisation of gains from products to the **worker** thus tends to favour, where circumstances are favourable, the more or less complete expropriation of the **owner** from **management**. Another regularly occurring phenomenon is the emergence of the worker’s material dependence on partners in exchange who enjoy an advantage (*Verleger*) and assume the position of manager.

1. There is a practical similarity in outcomes for these two, formally opposed, tendencies: appropriation of the place of work to the worker, and of the worker to an owner. There is nothing especially striking here. First, both

are very often already **formally** connected to each other. This is the case when the appropriation of a worker to a master coincides with the appropriation of *Chancen* for gain on the part of a worker to a closed organisation of workers, such as court retainers. In such cases, there is of course extensive stereotyping of the worker's capacity for valorisation, that is, the reduction of work to set quotas, diminution of any interest in work, and therefore workers' successful resistance to any form of technological "reform" or "renewal." But even where this does not occur, the appropriation of a worker to an owner **actually** means that the masters are dependent on the valorisation of **this** particular workforce that he has not, as in a modern factory enterprise, **selected** for employment, but that must simply be accepted without discrimination. This is especially true for slave labour. Every attempt to squeeze more from appropriated workers, varying from the amount they are traditionally accustomed to perform, meets with traditionalist obstruction and could be sustained only by the most ruthless means. Normally, such a course would not be without danger for the master's self-interest, for it would endanger the **traditional** foundation of his dominant position. Consequently, the work of appropriated workers has everywhere had a tendency to settle at a set amount, and where this has been broken by the masters' power (as in eastern Europe at the beginning of the modern period), the absence of selectivity and the lack of any self-interest or readiness to take risks on the part of appropriated workers has obstructed progression to a technological optimum. Where positions of work have been formally appropriated to the **worker**, the same outcome has ensued, only more rapidly.

2. The case described in the last sentence is typical for developments of the early medieval period (the tenth through the thirteenth centuries). The assarts of the Carolingian period contracted and disappeared, together with all other initial elements of large agricultural enterprise. The rents of landowners and feudal lords became stereotypical and settled at a very low level; an increasing proportion of the natural product (agriculture, mining) and of the money return from craft industry found its way into the workers' hands. The "favourable circumstances" for this path of development, which took **this** form only in the Occident, were (1) the propertied stratum's political and military pre-occupations, (2) the impossibility, owing to the absence of suitable administrative staff, of property owners employing workers as anything other than a source of rent, linked to (3) the difficulty of preventing workers from moving freely between the property owners' competing particular interests, (4) the

massive *Chancen* for opening up new land, sinking mines, and creating local markets, in connection with (5) the technological tradition of antiquity. The more that *Chancen* for gain were appropriated **to** workers (classical types are in mining and English guilds), instead of the worker being appropriated **to** the owner—expropriation then rendering owners pure receivers of rents (followed even then ultimately by the abrogation or repudiation of any duty to render payment of rent—“the freedom of town life”)—the more that workers found that differentiated *Chancen* for making gains in a **market** were quickly opening up in their midst (and were also being introduced externally by traders).

§20. Continuation of §19.II.B. Appropriation of means of production complementary to labour. This can be

- a) to workers, either individually or to organisations made up of workers, or
- b) to owners or
- c) to third-party regulatory organisations.

As regards a), appropriation to workers. This can be

- α. to individual workers, who then “possess” the material means of production;
- β. to a completely or relatively closed organisation of workers (members of a cooperative group), such that it is not the individual workers, but the organisation itself that possesses the material means of production.

The organisation can pursue economic activity

- αα) as a unitary economy (communist),
- ββ) through the appropriation of (cooperative) shares.

In all of these cases, appropriation can be realised by

- 1. householding or
- 2. acquisitive activity.

Case α implies either complete commercial economic freedom of the peasants, craftsmen (*Preiswerker*⁶⁸ in Bücher's terminology), canal boatmen, or wagoners in possession of their material means of production. Or they establish regulatory organisations among themselves (see below). Case β includes some very heterogeneous phenomena, depending on whether economic activity is conducted in a household or for gain. **Household economy**, which is in principle not necessarily a historical "origin" or actually (see Chapter 5)⁶⁹ communist, can be oriented purely to its own need. Or it can gradually begin to dispose of its own surplus product through an exchange of **necessities** (*Bedarfstausch*), where it enjoys a monopoly thanks to an advantageous location (specific kinds of raw materials) or particular, learned craft skills. This can develop into regular **acquisitive exchange**. Then "tribal commerce" tends to develop, and since *Chancen* of disposal depend on monopoly, or mostly on inherited secrets, this takes the form of **interethnic** specialisation and interethnic exchange. Tribal commerce then becomes either a wandering trade carried on by pariah groups, or, if united into a political organisation, **castes** (on the basis of interethnic ritual estrangement), as in India. Case $\beta\beta$) is that of the "producers' cooperatives." Household economies can, where penetrated by monetary calculation, come close to this. Otherwise, it is occasionally found as an organisation of workers. Typical of this, and certainly an important case, were the **mines** of the early Middle Ages.

- b) Appropriation to **owners** or organisations constituted by owners can—since we have already dealt with appropriation to a workers' organisation—mean here only: expropriation of the worker from the means of production, and not simply as an individual, but as a whole. Here there can be appropriated
 - 1. to the owner one, some, or all of the following posts:
 - α . land (including waters)
 - β . valuable underground deposits,
 - γ . power sources,
 - δ . workshops,

⁶⁸ A craftsmen who produced for the market but who remained rooted in family and cooperative.

⁶⁹ Weber again inserts a reference to a chapter 5 that was never completed.

- ε. instruments of labour (tools, apparatus, machines),
- ζ. raw materials.

All of these can in each case be held by the same person, or they can be held by different persons.

The owner can valorise the means of production appropriated to him

- α. in a household,
 - αα. as a means of meeting his own needs,
 - ββ. as sources of rent, by loaning it for
 - I. household employment,
 - II. valorisation as a means for gain, hence
 - ααα) in a gainful enterprise without capitalist calculation,
 - βββ) as capital goods (in a separate undertaking), finally
 - β. as his own capital goods (in his own undertaking).

A further possibility is:

- 2. Appropriation to an economic **organisation**, for whose conduct the same alternatives exist as in 1.

For c) a final possibility is:

- 3. Appropriation to an economically **regulatory** organisation that employs means of production neither as capital goods nor as sources of rent, but which makes them available to members of a cooperative.

1. For **individual** economic units, the appropriation of land is encountered primarily

- a) for the duration of current **cultivation** until the harvest;
- b) to the extent that the land is itself man-made, through
 - α. clearing,
 - β. and irrigation

for the duration of continuous cultivation.

Only when the shortage of land makes itself felt do we find

- c) closure of access to the cultivation of land, to the use of pasture and timber, and the setting of quotas to members of a settlement group for their usage.

The **appropriation** that then arises can be assigned to

- 1. an organisation, differing in size according to the usable resource (*Nutzbarkeit*) (for gardens, meadows, arable land, pasture, woodland: groups of increasing size from the individual household to the “tribe”).

Typical are:

- a) a clan, or additionally,
- b) a group of neighbours, normally a village group for the use of arable, meadow, and pasture;
- c) a significantly more broadly based territorial group (*Markverband*) of varying character and extent for the use of wood;
- d) households for garden and farm plots with proportionate shares in arable and pasture. Proportionate participation can take the form of
 - α. an empirical equality when new ground is broken in slash and burn arable cultivation (alternation in use of arable and pasture),
 - β. rational and systematic periodic redistribution for settled arable cultivation; this is usually first brought about by
 - α. **fiscal** claims where villagers are collectively responsible for payment, or
 - β. **political** claims for equality on the part of members.

It is normally household communities that are the foundation of **enterprise**.⁷⁰

[Or appropriation can be assigned to]⁷¹

⁷⁰ Weber here again refers the reader for elaboration to a chapter 5 that was never written or completed.

⁷¹ This is an editorial addition to make clear where the following paragraph fits into the somewhat complex classification being created here.

2. A **landowner**, whether the source of such rule is founded on being head of a clan (which will be discussed below), or as a chief able to claim labour services,⁷² or on compulsory fiscal or military levies, or systematically newly cleared land, or irrigation.

Landownership can be exploited

- a) with unfree (slave or bonded) labour
 - 1. in a household
 - α. through tribute
 - β. through services;
 - 2. gainfully:
- as a plantation
- b) with free labour:
 - I. in a household based on payments made for the use of cultivable land and woodland by free peasants
 - αα) through payments made *in natura* (sharecropping or tribute) by tenants;
 - ββ) through a money rent paid by tenants. Both:
 - ααα) with their own inventory (heritable tenants),
 - βββ) with inventory belonging to the landowner (colonists);
 - II. acquisitively: as a rational large enterprise.

In the case of a)1, the landowner tends to cleave to tradition in the manner in which land is exploited with respect both to the person of the (unselected) worker and his performance. Case a)2 is encountered only in ancient Carthaginian, Roman, colonial, and North American plantations; case b)II only in the modern Occident. The nature of the development of landownership (and, above all, its collapse) decided the nature of **modern** relationships of appropriation. As **pure** types, these involve only (a) the owner of land, (b) the capitalist tenant, and (c) the propertyless worker. This pure type is exceptional, and found only in England.

2. Land that can be exploited by **mining** is appropriated to either

⁷² See WuG, part II, chapter 2, §2. Weber here once again refers forwards to a nonexistent chapter 5.

- a) the landowner, mostly in the past a **landlord**, or to
- b) a political ruler (possessing mineral rights), or to
- c) any “finder” of exploitable deposits (“free mining”), or to
- d) a group of workers, or to
- e) a gainful enterprise.

Landlords and the owners of mineral rights can exploit the deposits appropriated to them either directly themselves (as occasionally happened in the Middle Ages), or they can use them as a source of rental income, and hence lease the deposits; this can be done with respect to either

- α. a group of workers (community of miners)—case d)—or
- β. to every finder, or to every finder in a particular grouping (as in medieval “freed mines,” from which free mining began).

In the Middle Ages, workers’ groups typically assumed the form of share-based cooperatives with an **obligation** to work in the mine owed either to the master of the mine who sought a rental income, or as a matter of solidarity with other members of the cooperative; this also involved a right to a share in the product. These groups also assumed the form of owners’ associations sharing in both contributions and product. The mine owner was increasingly expropriated to the advantage of the workers, but who in turn increasingly ceded their possession to the shareholders of mining companies as their need for the installation of capital goods increased, so that the final form of appropriation was the capitalist “mining company,” or a limited company.

3. Means of production that took the form of “installations” [cf. §17.B.3.a)] (power sources, especially watermills, “mills” of all kinds and applications, and workshops quite probably with fixed equipment) have in the past, and especially during the medieval period, been consistently appropriated to

- a) princes and landlords (case 1),
- b) towns (case 1 or 2),
- c) groups of workers (guilds, associations, case 2)

without any unitary **enterprise** being established.

Rather, in case a) and b) valorisation assumed the form of a source of rental income by granting permission in return for payment, frequently linked to a grant of monopoly and compulsory exploitation. Such exploitation

was then effected by a succession of individual enterprises, in turn or as need arose, and they were in many cases themselves the monopoly of a closed regulatory organisation. Baking ovens, mills of all kinds (for grinding grain and sources of oil), fulling mills, grinders, slaughterhouses, dyers, bleaching facilities (belonging, e.g., to monasteries), forges (that were regularly leased to **enterprises**, however), plus breweries, distilleries, and other installations, especially wharves (in possession of the Hansa), selling pitches of all kinds—these were all precapitalist, permission for their use by workers being granted against payment; they were consequently used as the **property** of their owners (either individually or as a group, particularly from a town) and not as capital goods. Production and **domestic** (*haushaltsmäßige*) exploitation as a source of rental income by individuals or groups, or the work of producer cooperatives preceded any transformation into “fixed capital” in owner-managed enterprises. The **users** of installations for their part made use of them in part domestically (baking ovens, also breweries and distilleries), in part for gain.

4. Maritime commerce has typically in the past appropriated the ships to a majority of owners (ship share owners) who became increasingly distanced from the crews of these ships. While voyages then became a venture in which **risk** was shared with shippers, shipowners, ship officers, and crews also participating as shippers, this did not create any relations of **appropriation** distinct to those outlined above, just special ways in which calculations were made and *Chancen* for gain were created.

5. In the past, it was the exception if **all** means of production—plants of all kinds and tools—were appropriated into **one** hand, as is the rule in the modern factory. In particular, the Hellenic-Byzantine *ergasterion* (Latin: *ergastulum*) was **economically** thoroughly varied in form, a fact that historians stubbornly ignore. It was a “workshop” that could be (1) part of a **household**, in which (a) slaves carried out particular kinds of work for the **domestic** needs (*Eigenbedarf*) of the lord (e.g., an estate economy); or it could be (b) the site of an “ancillary enterprise” for sale, based on slave labour. Or (2), the workshop could be used as a source of **rental income** and be part of the property of a private individual or group (a town, like the *egasteria* of Piraeus), **rented out** in return for payment to individuals or workers’ cooperatives. Thus, when work was done in an *ergasterion* (especially if an urban one), the constant question is, To whom did the *ergasterion* belong? To whom did the remaining means of production used in the course of work belong? Did free workers work

there? On their own account? Or did slaves work there? And so **possibly**: to whom did the slaves who worked there belong? Did they work on their own account (against *apophora*, payment to a master), or on that of their master? Each different answer to these questions resulted in a qualitatively and radically distinct economic configuration. In the bulk of cases, the *ergasterion* seems to have functioned as a source of rental income (which is what Byzantine and Islamic institutes demonstrate); they were consequently something **entirely** distinct from any sort of “factory” or even its predecessors, most comparable in economic diversity to the different kinds of medieval “mills.”

6. Even where the workshop and its equipment were appropriated to **one** owner who hired labourers, this does not at all mean that matters had reached the arrangement that we today commonly refer to as a “factory,” so long as there was (1) no mechanical power source, (2) no machinery, and (3) no internal specialisation and combination of labour. Today, “a factory” is a category of the capitalist economy. This concept should only be used in relation to an enterprise that **can** be the object of an undertaking with fixed capital, possessing the **form** of a workshop enterprise with an internal division of labour and appropriation of **all** material means for the conduct of the enterprise with mechanised labour, that is, labour oriented to the use of motors and machines. Jack of Newbury’s sixteenth-century workshop, whose praises were sung by contemporaries, lacked all these features, despite the alleged assembly of hundreds of looms belonging to him; these were worked independently alongside each other, just as they would be at home, the raw material for them being bought from the entrepreneur and with all kinds of “welfare services” being available to the workers. An Egyptian, Hellenistic, Byzantine, or Islamic *ergasterion* in the possession of a master of (unfree) workers **could**—there are doubtless such cases—operate with internal specialisation and a combination of labour. But the circumstance, quite apparent in Greek sources, that **even** in this case the master occasionally was content with *apophora* (from each labourer, with a higher rate for supervisory labourers) suggests that caution is needed in equating this economically with a “factory,” or even a workshop enterprise like that of Jack of Newbury. Closest to a “factory” in the usual sense were royal manufactories: for example, the Imperial Chinese Porcelain Manufactory and the European workshop enterprises for courtly luxuries that were modelled in this manufactory, but above all those enterprises created for **military** needs. No one can be prevented from **calling** these “factories.” At a superficial level, Russian workshop enterprises

employing serf labour were very close to the modern factory. The appropriation of the worker is here added to the appropriation of the means of production. Here, for the reasons given, the concept “factory” will be used **only** for workshop enterprises with (1) material means of production fully appropriated to an **owner**, **without** appropriation to the labourer; (2) with internal work specialisation; (3) where mechanical power sources and machines that require “operating” are used. All other kinds of “workshop enterprises” will be characterised as such with **this** name together with related qualifications.

§21. Continuation of §19.II.B. 3. **Appropriation of managerial work.**⁷³ Typically:

1. for all kinds of traditional **household** management
 - a) this is done by the head of household or of the clan himself, or
 - b) by an administrative staff appointed by the head of household to direct the household (socage of house officials).

It occurs

2. in **gainful** enterprises
 - a) where there is a complete, or near complete, coincidence of management and labour. In this case, it is as a type identical with the appropriation of material means of production to the worker [B.2.a)]. In this case, it can be
 - α. unrestricted appropriation, and hence heritable and alienable guaranteed appropriation to the individual,
 - αα. with, or
 - ββ. without guaranteed clientele, or

⁷³ *Appropriation der disponierenden Leistungen.* As already noted, there was no simple way to refer directly to managerial functions at the time Weber was writing. Literally, *disponierende Leistung* can be translated as “work related to planning and arranging.”

- β. appropriation to an **organisation**, appropriation to the individual being only personally or materially regulated, hence conditional appropriation, or appropriation linked to preconditions, with the same alternative;
- b) where management and labour are separated, it assumes the form of monopolistic appropriation of entrepreneurial *Chancen* in their various possible forms through
 - α. cooperative (guild-based) monopolies or
 - β. monopolies arising from political force.
- 3. Where there is a complete absence of appropriation of management, the appropriation of means of production—or the credit lines required to acquire capital goods—is, for enterprises employing capitalist calculation, in practice identical to the appropriation of disposal of management functions to the owners concerned. These owners can exercise such disposition
 - a) in owner-managed enterprises,
 - b) by selection of the enterprise director (or where there are several owners, by cooperating on selection).

These obvious points need no comment.

Any appropriation of materially complementary means of production also naturally means almost as a matter of course at least a deciding right of **participation** in the selection of management and the expropriation of the worker from management, relatively at least. But not every instance of the expropriation of the **individual** worker means expropriation of the worker **in general**, so long as a group of workers is, despite formal expropriation, substantively in a position to forcibly bring about joint management, or joint selection of management.

§22. The expropriation of the **individual** worker from possession of material means of production is determined purely **technologically**:

- a) where the **means** of labour are such that they have to be operated simultaneously and successively by many workers,
- b) where **powered** plants can only be run in a rational manner through the simultaneous use of numerous, uniformly organised similar labour processes,
- c) where the technologically rational orientation of the labour process can only be effected when combined with complementary labour processes subject to common and continuous **supervision**,
- d) where there is a need for separate specialised **training** to manage related labour processes, the benefits of which can only be rationally enjoyed on a large scale,
- e) where there is the possibility of strict labour **discipline** and hence the **supervision** of work, and thereby uniform **products** in the case of unified disposition of labour and raw materials.

These different moments would, however, leave open the possibility of appropriation to an **organisation** of workers (producer cooperative), and hence imply only the separation of the **individual** worker from the means of production.

The expropriation of the **entirety** of the workers (including commercially and technologically trained staff) from possession of the means of production is determined economically above all

- a) generally, **all other things being equal**, by a greater degree of enterprise rationality with respect to the power of management to select labourers and determine their employment, as contrasted with the technologically irrational restrictions and economic irrationalities arising from the appropriation of workplaces, or from the power to participate in management, especially the introduction of inconsequential everyday conceptions of budgeting and consumption alien to the enterprise.
- b) by superior credit-worthiness in a commercial economy of an entrepreneur trained in business whose continued

business experience is recognised, whose dispositions are unrestricted by special workers' rights, and whose management has unlimited powers of disposal over credit and securities.

- c) Historically, it originated from the sixteenth century onwards within an economy that developed through an extensive and intensive **extension of the market**, thanks to the absolute superiority and actual indispensability of individual, market-oriented **management** on the one hand, and to pure constellations of **power** on the other.

Beyond these general circumstances, the undertaking oriented to market *Chancen* furthers this form of expropriation

- a) by rewarding the rational and technological qualities of **capitalist calculation** where there is complete appropriation to the owner, as compared with any other economic process of lower calculable rationality,
- b) by rewarding the purely mercantile qualities of management as contrasted with their technological qualities, and the maintenance of technological and commercial secrets,
- c) by favouring speculative management, which presupposes such expropriation. This is ultimately made possible without regard to the **degree** of technological rationality involved:
- d) through the superiority possessed
 - α. in the labour market, by virtue of possession of any property, with respect to partners in exchange (workers),
 - β. in the goods market with respect to any commercial competitor inferior in methods of calculation, less well situated with regard to credit-worthiness, and less well provided with capitalist calculation, installed capital goods, and access to commercial credit. A further specifically **material** irrationality of the economic order is that the greatest extent of **formal** rationality in **capitalist calculation** is possible only where the worker is completely subject to the rule of entrepreneurs.

Finally,

- e) **discipline** is optimal where there is free labour and the complete appropriation of the means of production.

§23. The expropriation of **all** workers from the means of production **can** in practice mean:

1. Management of an organisation by the administrative staff; especially any **rational** socialist economy would retain the expropriation of all workers and would be completed by the expropriation of private owners;
2. Management by virtue of the appropriation of means of production to owners, **or** their appointed representatives.

Transfer (*Appropriation*) to owner-interests of powers of appointing the person charged with management can mean:

- a) management by one or more entrepreneurs who are **at the same time** owners: this is direct appropriation of the entrepreneur's position. But this does not exclude that, by virtue of the **power lent by credit** or by **financing** (see below!), the power to decide the nature of management lies in fact for the most part in the hands of those with gainful interests external to the enterprise, such as the extension of finance by banks or by a **financier**;
- b) the separation of entrepreneurial function from appropriated ownership, especially by limiting owning interests to the naming of the entrepreneur, and free (alienable) appropriation of the property through shares in accounting capital (shares, mining shares). This situation, associated as it is through all kinds of transitional forms with purely personal appropriation, is **formally** rational in the sense that it permits—in contrast to the permanent and heritable appropriation of management itself to the chance inheritance of ownership—the **selection** of qualified managers (i.e., qualified with regard to profitability). But in practice, this can mean several different things:

- α. disposal over the position of entrepreneur lies, by virtue of the appropriation of ownership, in the hands of those with a **pecuniary** interest external to the enterprise: shareholders, who above all seek a high **rental** income,
- β. as the result of temporary market acquisition, disposal over the position of entrepreneur falls into the hands of **speculative** interests external to the enterprise (shareholders who only seek their profit in **selling on** their shares),
- γ. disposal over the position of entrepreneur lies, as a result of power over credit or markets, in the hands of **gainful** interests external to the enterprise (banks or individual interests, e.g., those of “finance”) that pursue their own gainful interests that are often at odds with those of the **individual** enterprise.

Interested parties that are “external” to the enterprise are those that are not primarily oriented to the enduring **profitability** of the enterprise. This can happen with any kind of pecuniary interest, but arises to a marked degree with parties who employ the plant and capital goods, or shares therein (shareholdings) not as an enduring investment in wealth, but rather as a means to make from such disposal a purely transitory speculative gain. Those parties drawing a **rental** income (α) are most easily reconciled with those parties having a material interest in the enterprise (which **here** means having a material interest in the enterprise’s current and enduring profitability).

The involvement of interests external to the enterprise in dispositions made with regard to managerial positions, especially where the **formal** rationality of their selection is concerned, is another specifically **material** irrationality of the modern economic order (for control of appropriated shares in ownership can be assumed by quite individual pecuniary interests, or other interests whose acquisitive objectives have no kind of connection to the enterprise, or, finally, purely speculative interests—and such interests can then decide on the person of the manager and, above all, force on him

a particular style of management). Influence over market *Chancen*, above all over capital goods and hence the orientation of the gainful production of goods, by purely **speculative** interests external to the enterprise is **one** source of the phenomena known as “crises” in the modern commercial economy (this will not here be taken any further).

§24.⁷⁴ **Occupation** (*Beruf*)⁷⁵ is that mode of specification, specialisation, and combination of the work done by a person that serves that person with ongoing *Chancen* for provision and acquisition. Occupations can be distributed

1. by heteronomous assignment of tasks (*Leistungen*) and the allotment of means of support within an economically regulating organisation (unfree division of occupation), or by an autonomous orientation to existing market *Chancen* for particular kinds of occupations (free division of occupation), or they can be distributed
2. according to the specification or specialisation of function, or they can involve
3. economically autocephalous or heterocephalous valorisation of occupational tasks (*Berufsleistungen*) on the part of their bearers.

Typical occupations and typical *Chancen* for acquiring incomes are related one with another, as will be discussed below when dealing with “classes” and “social hierarchies.”

⁷⁴ From this point, Weber’s text becomes increasingly occupied with classification, in places more like notes than a connected text. For the sake of readability, I have glossed some passages, although comparison with Talcott Parsons’s translation (pp. 250ff.), which reads throughout as a connected text, will indicate how far I have sought to retain Weber’s somewhat cryptic presentation.

⁷⁵ *Beruf*, the key Weberian term “vocation,” is best known through its use in the *Protestant Ethic* and the two essays “Science as a Vocation” and “Politics as a Vocation.” But the word also has a much more everyday sense, which is the one relevant here.

For “occupational groups” and classes in general, see Chapter 4.⁷⁶

1. Unfree occupational division: this is either liturgical or within the framework of the *oikos*, involving the forcible recruitment of the individual assigned to an occupation within an organisation constituted on the basis of a principedom, a state, a feudal estate, or a commune. Free occupational division: by virtue of the successful supply of occupational services in the labour market, or successful application for free “positions.”
2. specification of work, as already discussed in §16, characterises the occupational division of medieval industry; specialisation of work is characteristic of the occupational division of the modern rational enterprise. Occupational division in the **commercial economy** is, from a methodological perspective, to a great extent based on a technologically irrational functional specification,⁷⁷ rather than on rational specialisation by function. This is because it is oriented to *Chancen* for market sales (*Absatzchancen*), and hence to the interests of purchasers and consumers, which interests compel the assembled outputs of one and the same enterprise to deviate from specialisation of function and lead it into functional combinations of an irrational kind.
3. Autocephalous occupational specialisation: the enterprise of a sole trader (e.g., an artisan, doctor, lawyer, artist). Heterocephalous occupational specialisation: factory worker, official.

The occupational division of given human groups can vary

- a) according to the extent to which typical and lasting occupations have developed in general. Decisive here is
 - α. the level to which needs have developed (*Bedarfsentwicklung*),
 - β. the development of (primarily) industrial technology,
 - γ. the development either of
 - αα) large households—this is important for the unfree distribution of occupations, or of

⁷⁶ This chapter remained a fragment.

⁷⁷ Weber is here discussing the rationality of *Leistungsspezifikation* and *Leistungsspezialisierung* and the manner in which they are determined; I have here adopted in places Parsons’s use of “function” instead of “work” or “output” since this renders the sense rather clearer, given the absence of a suitable generic translation for *Leistung*.

$\beta\beta$) market *Chancen*—this is important for the free distribution of occupations,

b) each according to the nature and degree of specification by occupation or specialisation in **economic activity** (*Wirtschaften*).

Decisive here is above all

α . the market situation (determined by purchasing power) for the outputs of specialised economic units,

β . the manner in which disposal over capital goods is distributed;

c) and according to the degree and kind of occupational continuity or change of occupation. Decisive for the latter are primarily

α . the degree of training that specialised work presupposes, and

β . the degree to which *Chancen* for gain remain stable, or change; which is in turn dependent on the degree of stability in the distribution and nature of income on the one hand, and on the other, in that of technology.

Finally, important in shaping **all** occupations are **status-based** (*ständisch*) structures and the **status-based** *Chancen* and educational forms that they create for particular kinds of skilled occupations.

Only work that presupposes a minimum of training, and for which gainful employment (*Erwerbschancen*) is continuously available, is the object of independent and dependable occupations. Occupations may be handed down traditionally (through inheritance); or be selected for purposively rational considerations (involving gain in particular); or for reasons of charismatic devotion; or performed for affective reasons, especially where the “prestige” conferred by hierarchical status is involved. **Individual** occupations were primarily quite charismatic and magical in character, the remaining occupational structure (insofar as any such structure existed) being determined by tradition. Charismatic qualities that were not specifically personal properties either became the object of traditional schooling within closed groups, or they formed part of an inherited tradition. Individual occupations that did not have a markedly charismatic character were formed initially by the great households of princes and landowners on a liturgical foundation; towns then placed them on a commercial footing. But a constant element here was always that, related to schooling in magical, ritual, or clerical matters, status-based educational forms developed that were recognised as being **literary** and refined.

From the preceding, it follows that occupational specialisation did **not** necessarily involve **continuous** work **whether** (1) of a liturgical nature for an organisation (e.g., a princely household or a factory); or (2) for an entirely free “market.” It is far more possible and **likely**

1. that propertyless **labourers** with an occupational speciality are used on demand as **occasional** labour by a relatively consistent set
 - a) of clients on a household basis (consumers) or
 - b) of **clients** who are employers involved in gainful enterprise (*Erwerbswirtschaften*).

For the **households** in a), this means

- α. with expropriation of the worker at least from the provision of **raw materials**, hence from disposal of the product; this means
 - I. itinerant labour, either
 - αα) purely itinerant or
 - ββ) settled, but serving a local neighbourhood of **households** with ambulant work;
 - II. work “by piece”: settled work performed in the worker’s own workshop or household for a **household**.

In all cases, the **household** provides the raw material, but the worker’s tools tend to be appropriated (the scythe to the mower, sowing materials to the seamstress, all kinds of tools to the craft worker).

In the cases falling under I., the relationship implies temporary entry into a **consumer’s** household.

By contrast to this, Karl Bücher treats the complete appropriation of all means of production to the labourer as *Preiswerk*.⁷⁸

As for b), the occasional work of specialised labourers for **gainful economic units**:

⁷⁸ See note 19 above.

Where the worker is at least expropriated from the provision of raw material, and hence from disposal over the product, this means

- I. itinerant labour, moving from enterprise to enterprise and from employer to employer,
- II. occasional or seasonal domestic labour for an employer performed in the worker's own household.

Example of I: *Sachsensgänger*.⁷⁹

Example of II: any kind of domestic labour that occasionally supplements workshop labour.

- 2. The same arises in economic units where the means of production are appropriated to them:
 - α. where capitalist calculation is used and there is partial appropriation of the means of production to the owner, especially where this is limited to the land and buildings; examples are workshops employing wage labour (wage factories) and above all **relocated** factories—the first has been the case for a very long time, the latter has recently become much more common.
 - β. Where the means of production are fully appropriated to the worker
 - a) in small enterprises without the use of capitalist calculation:
 - αα) for households: the labourer is a *Preiswerker* working directly for customers;
 - ββ) for gainful enterprises: this is domestic industry **without** the expropriation of means of production, hence formally lacking any ties but in actuality a gainful enterprise producing for a monopolistic group of purchasers;

⁷⁹ Workers who migrated annually to Saxony for the harvest.

- b) in large enterprises with capitalist calculation: production for a fixed group of purchasers, with the regular, but not sole, consequence that sales are regulated by cartels.

Finally, it has to be stated that **neither**

- a) does every acquisitive action arise from an **occupation**—
- b) nor do such actions, however frequent, necessarily belong conceptually to some kind of continuous, **standardised specialisation**.

With respect to a), there is **casual** acquisition

- α) of the surpluses created by domestic hard work in a household economy. There are likewise numerous corresponding cases of similar occasional disposal from the larger households, particularly by those of landed estates. From that point, there flows a **continuous** series of possible “acts of casual acquisition,” up to and including
- β) the occasional **speculation** of a rentier, or the occasional **printing** of an article, poem, and so forth by a private person, and similar modern instances. From there it leads into the “part-time secondary occupation.”

With respect to b), it should also be remembered that there are also completely unpredictable ways of making a living that are by their nature absolutely irregular, varying between **all** kinds of occasional gainful employment, and possibly also between normal gainful acts, plus begging, robbery, and theft in all its varied manifestations.

A **special** status is occupied by

- a) purely charitable gain, and
- b) maintenance in a noncharitable institution, especially a penal institution,

- c) regulated **acquisition by force**, and
- d) unregulated (criminal) acquisition through force or deception.

There is nothing of any great interest in b) and d). The role played by a) for hierocratic organisations (mendicants) and of c) for political organisations (booty) has often been of very great significance, and in both cases it also had an important impact on their economic activity. Specific to these two cases is their **estrangement** from the economy. For this reason, any more exact classification is inappropriate **here**. These forms will be developed at another opportunity.⁸⁰ For partly (and only partly) similar reasons, gain on the part of officials (including that of **officers**, which belongs here and will be dealt with below in §41) is here **called** a subcategory of workers' acquisition **solely** to give them a place in our classification, but without subjecting them here to any casuistic discussion, for that belongs to a discussion directed to the **nature** of the relationships of **rule** in which these categories are to be found.

§24a. The terminology of relations of technological and enterprise-based appropriation and market relations developed in the foregoing, from §15 onwards, is part of a very complex theoretical schemata.

Of the numerous possibilities, however, only a few play a **dominating** role.

1. Taking the domain of agriculture first, these are
 - a) shifting arable cultivation: after the exhaustion of the soil, the location is changed. This involves the household economy where the land is appropriated to the tribe and—temporarily or enduringly—use of land is appropriated to neighbouring groups with only temporary appropriation of the land to households.

⁸⁰ MWG I/23, p. 345n74, notes that some further discussion can be found in chapter 3, §10.

The scale of the household group is regularly either that of

- α. a large domestic commune, or
- β. an organised tribal economy, or
- γ. a large family household, or
- ζ. a small family household.

Arable cultivation normally “shifts” with respect only to the cultivated area, and much less frequently and for greater lengths of time, with respect to farm-houses and built settlement.

- b) settled arable cultivation: regulation of rights to use fields, meadows, pastures, woodland, and water by a local (*Mark*) or village-based cooperative, normally enjoyed by small households. The land and gardens belonging to the farmhouse are appropriated to small families; fields, meadows, and in most cases, pastures, are appropriated to the village group; and rights over woodland, to larger local communities. The repartition of land by law is a possibility, but is not pursued systematically and so for the most part is obsolescent. The economy is mostly **regulated** by village rules (this is primarily a **village economy**).

The tribal community only rarely forms an economic community (as in China), and even then, it takes the form of a rationalised organisation (this is **tribal sociation**—*Sippenvergesellschaftung*).

- c) **Landed proprietorship** and serfdom: the estate is ruled by a landlord and the dependent peasant enterprises are obliged to render services in kind or by labour. Tied appropriation: the landowner possesses both land and labourer, while the use of the land is appropriated to the peasant together with the right to the position (simple **proprietary organisation based on services in kind**).

d) Monopoly of the land either by α) a proprietor or β) a fiscal instance, the communal peasant orders being jointly responsible for fiscal burdens. Hence, there is communal use of fields with systematic and regular redistribution of land. Because of the nature of the fiscal burden, the land is forcibly and enduringly appropriated to the **communal** peasant order and not to individual households—land is assigned to the latter only for a given period pending the redistribution of rights of use. The economy is regulated by direction of the landed proprietor, or by political rulers (this is **proprietary** or **fiscal field community**).

e) **Free landed proprietorship** with the household's use of dependent peasant plots as a source of income (*Rentenquelle*). Here we have the appropriation of the land to the proprietor, but with

- α . colonists,
- β . sharecroppers or
- γ . peasants paying a set rental,

all of the above being the agents (*Träger*) conducting economic enterprises.

f) **Plantation economy**: free appropriation of the land and of the labourer (bought slaves) to the master as a medium for **gain** in a capitalist enterprise with unfree labour.

g) **Estate economy**: the appropriation of the land to

- α . those possessing rights to ground rent, and who lease the land to large-scale farmers; or
- β . those who farm directly for the returns that it provides. In either case, free labour is employed, living in either
 - a) their own households, or
 - b) households put at their disposal by the landlord.

In both cases, the households are sustained

α. by estate produce, or as a limiting case, β) without any home production whatsoever.

h) The absence of rule by landowners: peasant economy with land appropriated to the cultivator (the peasant).

The appropriation can in practice mean

α. that in fact the land is for the most part acquired through inheritance, or

β. the opposite, that land is bought and sold in lots;

the first being typical of isolated farm settlements and large peasant holdings, the second typical of village settlement and small peasant proprietorship.

The normal condition determining the incidence of case e)γ and h) β is the existence of sufficient **local** market *Chancen* for peasant agricultural produce.

2. In the domain of industry and transport (including mining), and trade:

a) **domestic industry**, principally as a means of occasional exchange and only secondarily for gain; with

α. **interethnic** specialisation of work (**tribal industry**).

From this there develops

β. **caste industry**.

In both cases, the appropriation of sources of raw material, and consequently the production of raw materials, assumes priority; the purchase of raw materials or wage labour is initially of secondary importance. In the first case, there is often an absence of **formal** appropriation. Besides that, there is in the second case always heritable appropriation of task-**specific** *Chancen* for gain to tribal or domestic orders.

b) industrial activity tied to a particular clientele: the work is specified for a group of consumers, which group can be

α. associated with a form of rule (by an *oikos*, or by a landed proprietor), or

β. cooperative (demiurgic).

Here there is no acquisition through the market: whether in the case α of work tied to a particular household, or occasionally to a master's *ergasterion*; or in case β , heritable (sometimes alienable) appropriation of the workplace, and work for an appropriated clientele (of consumers). There are very limited possibilities for further development:

- I. First special case: the worker is appropriated (thus **formally unfree**) and is the task-specific supporter (*Träger*) of the enterprise (*Gewerbe*), and
 - α . is a source of rental income for his master, but is, despite the formal lack of liberty, for the most part **materially free** to produce for customers (rental slavery); or
 - β . is an unfree worker employed for gainful ends in his master's household; or
 - γ . is a workshop labourer employed for gainful ends in his master's *ergasterion* (unfree domestic industry).
- II. Second special case: **liturgical** specification of function for fiscal ends: similar to the type of caste industry (a) β).

For mining, the corresponding instances are:

The conduct of a prince's or landowner's enterprise with unfree workers who are either slaves or bondmen.

For inland transport, the corresponding instances are:

- a) Landed proprietors' appropriation of transport facilities as a source of **rental** income; the imposition of a requirement for skilled (*demiurgischer*) services on particular small peasant properties.
- b) The cooperative regulation of small-scale caravan trade is another possibility, to whose traders the goods were appropriated.

For seaborne transport:

- a) ownership of the ship by *oikos*, a landed proprietor, or patrician who runs it on their own account;
- b) Together with strictly controlled convoys, cooperative construction and ownership of the ship, with the ship's captain and crew participating on their own account; in addition, small traders travelling **interlocally** as shippers; the socialisation of risk. In all cases, "trade" was still identical to **interlocal** trade, and hence **transport**.
- c) **Free industries:**

free production for consumers either

- a) on an itinerant basis or as
- b) piecework,

with the appropriation of raw materials to the customer (consumers) and of working tools to the worker, if there are premises to the master (as a source of rental income) or to organisations with rights of use in rotation, or

- c) *Preiswerk* with the appropriation of raw materials and working tools, and hence also the appropriation of management to the worker, and any installations to a group of workers (guild).

Typical for all these cases is the **regulation** of gainful activity by the **guild**.

In mining, appropriation of the deposits to political or landed masters as a source of rental income; appropriation of the right of exploitation to a group of workers; guild-based regulation of mining operations with obligations to the mine owners as those with rental interests and to the mining community as jointly responsible for such obligation and with an interest in the proceeds.

For inland transport: guilds of shippers and carriers with fixed routes and regulation of their *Chancen* for gain.

For maritime trade: the ownership of shares in a ship, convoys, merchants travelling for a commenda.

Development into capitalism:

- α. Actual monopolisation of **money** capital (*Geldbetrieb-smittel*) by entrepreneurs so that they might make advance payments to workers. Associated with this is the management of goods production through **producers' credit** and disposal over the product, despite the formal continuation of the appropriation of the means of gainful activity (*Erwerbsmittel*) to the worker (in industry and mining).
- β. Appropriation of the **right** of sale of products on the basis of previous actual monopolisation of market knowledge, and hence of market *Chancen* and money capital through forcibly imposed and monopolistic guild regulation, or privilege of political force (as a source of rental income, or against a loan).
- γ. Inner disciplining of the labourer dependent on domestic industry: delivery of raw materials and equipment by the entrepreneur.

A special case here is the rational and monopolistic organisation of domestic industries on the basis of privileges granted for financial purposes and for the gainful employment of the population. The granting of a concession with respect to gainful activity was linked to the compulsory regulation of working conditions.

- δ. Within the enterprise, creation of workshops **without** rational specialisation of work where all material means of production are appropriated to the entrepreneur. In mining, this implies the appropriation of deposits, shafts, galleries, and equipment by the owner. In transport, shipping came into the hands of large owners. Everywhere, the outcome was that the workers were expropriated from the means of production.

ε. The final step in the capitalist transformation of **productive** enterprises is the mechanisation of production and transport, together with capitalist calculation. All **material** means of production become “fixed” or **enterprise capital**. The entire labour force becomes “hands.” The transformation of undertakings into associations owned by those holding securities results also in the expropriation of the **manager** and his transformation into an “official,” the owner becoming a trustee for those who supply credit (banks).

The distribution of these different **types** is as follows:

1. As far as agriculture is concerned, type a (shifting arable cultivation) is universal, but only here and there in Europe as form α (domestic commune and tribal economy). By contrast, in East Asia (China) it was quite typical, with type b (village and local community) being indigenous to Europe and India. Type c (tied manorial estates) developed everywhere, and is still to be found in places in the Orient. The forms α and β of type d (manorial estate and fiscal rule with systematic redistribution of fields to peasants) in its more **landed** form of rule was found in Russia and India (where there was also the redistribution of **land rents**), while the more fiscal forms were encountered in East Asia and the Hellenistic antiquity of the Orient. Type e (free landed estates drawing rents from small tenants) is typical for Ireland, but also occurs in Italy and southern France, as well as in China and the ancient Hellenistic Orient. Type f (the plantation run with unfree labour) was found in Roman-Carthaginian antiquity, in the colonial areas, and in the Southern states of the American Union; type g (estate economy) in form α (separation of landownership and enterprise) was found in England, and in form β (direct farming by the landowner) in eastern Germany,

parts of Austria, Poland, and western Russia; type h (peasant proprietor economy) is indigenous to France, south and western Germany, parts of Italy, Scandinavia, and also, with some qualification, in southwest Russia, and especially in modern China and India (with some modifications in this last case).

The great differences now existing between the **ultimate** forms of agrarian organisation can be related only in part to economic causes (the contrast of cultivation based on the clearing of woodland and on irrigation); it also has to do with historical fate, especially the extent of public burdens and military organisation.

2. As far as industry is concerned—the organisation of transport and mining has yet to be sufficiently studied—
 - a) type $a.\alpha$ (tribal industry) was universal.
 - b) type $a.\beta$ (caste industry) became universal **only** in India, otherwise it was only to be found for declassed (“impure”) industrial pursuits.
 - c) Type $b.\alpha$ (industrial activity pursued by an *oikos*) was the rule in all princely households in the past, most strongly in Egypt, and also on all landed estates worldwide; in the form of $b.\beta$ (demiurgic industry), it is found here and there everywhere (also in the Occident), but as a type only in India. Special case I (serfdom as a source of rental income) prevailed in antiquity; special case II (liturgically specified work) in Egypt, Hellenism, Late Roman Antiquity, and for periods in China and India.
 - d) Type c found its classical form as the dominating type of the medieval Occident, and **only** there, although it was present universally. Especially the **guild** was universal (in China and the Near East), although it was entirely **absent** in the “classical” ancient economy. In India, the caste took the place of the guild.

- e) Outside the Occident, the stages of capitalist development in industrial activity **only** attained universally the level of type β . This difference **cannot** be explained **exclusively** by purely economic causes.

§25. I. The achievement of a **calculable** optimum of **performed** labour (*Leistungsoptima*) (in the most general sense) requires

1. an optimum of aptitude for the task required,
2. an optimum **performance** of the work, and
3. an optimum **inclination** to work.⁸¹

From this we **exclude** the three types of communist organisation,⁸² where **noneconomic** motives play a role.

Re 1.: aptitude (to whatever extent this is determined by inheritance, education, or environmental influence) can only be established by a **practical test**. Business enterprises in a commercial economy typically subject their trainees to practical tests. The Taylor System seeks to implement this on a rational basis.

Re 2.: optimal performance of work can only be achieved through rational and continuous specialisation. Today, it **remains** for the most part on an empirical basis, dealing with implemented specialisation of work from the standpoint of cost saving (in the interest of profitability, which limits its full development). Rational (physiological) specialisation is still in its earliest stages (see the Taylor System).

Re 3.: Preparedness to work can be oriented just like any other form of conduct (see Chapter 1, §2). A willingness to work (in the specific sense of **performing** work on one's own initiative or under the direction of a manager) has, however, always been conditioned

⁸¹ *Arbeitsneigung*, literally, "inclination to work." Here, as below with *Arbeitswilligkeit*, literally "willingness to work," Parsons consistently translates in terms of "incentives" (p. 261), which is incorrect, since it is incentives that work on *Neigung* and *Willigkeit*, and Weber deals with the incentive structures separately.

⁸² Dealt with in the following section.

by a strongly **personal** interest in success, or by direct or indirect **compulsion**, which plays an especially great role where work is done according to **others'** direction. Such compulsion can take the form of either

1. direct threat of physical violence or other undesirable consequences, or
2. the *Chance* of unemployment where the work done is unsatisfactory.

Since the second of these, which is very important in a commercial economy, bears much more strongly on personal interest and necessitates freedom of selection by work done (both quantitatively and qualitatively) from the standpoint of profitability, it has a more formally rational effect (with respect to a technological optimum) than any form of direct compulsion to work. A precondition is the expropriation of workers from the means of production and their consequent need to apply for *Chancen* to earn a wage; this in turn implies a forceful protection of the appropriation of means of production to the owner. By contrast with direct compulsion to work, not only concern on the part of the worker for reproduction (family) but also a proportion of his anxiety as regards selection (the degree of suitability) becomes his own responsibility. In addition to this, the amount of capital required and the risk on capital employed is limited and rendered calculable by comparison with the employment of unfree labour. And finally, of course, the large volume of money wages greatly extends the market for mass commodities. The **positive** inclination to work is not here impeded as it is, other things being equal, with unfree labour, although where technological specialisation becomes very advanced and takes the form of simple and monotonous (Taylorised) procedures it does become restricted to a purely material interest in the wage rates on offer. **Only** payment by piece stimulates a greater degree of inclination to work. In the competitive capitalist order, readiness to work is **primarily** determined by *Chancen* offered by piece-rates on the one hand, and the risk of dismissal on the other.

The following also applies where there is free labour separated from the means of production:

1. Other things being equal, the prospects of a readiness to work on affectual grounds is greater where the work done is **specified** rather than specialised, since the individual performative **outcome** is more readily apparent to the person doing the work. This is, of course, primarily true of any high-quality **work**.
2. A readiness to work that rests on a **traditional** foundation, typical of agriculture and of domestic industry (where living conditions are **generally** traditional) is distinguished by the workers either orienting their labour to outcomes that are qualitatively and quantitatively stereotypical, or to a traditional working **wage** (or both); hence, rational valorisation is difficult, and it is not possible to increase the amount of work done by offering incentives (such as piecework rates). By contrast, traditional **patriarchal** relations with a master (owner) have been shown to maintain the readiness to work at a high level.
3. **Value rational** willingness to work is typically either conditioned by religion, or by the specifically high level of social value given to the particular kind of work involved as such. From lengthy experience, all other motivations are transitory phenomena.

Of course, “altruistic” care for one’s own family is a typical and obligatory element of the readiness to work.

II. One of the strongest sources of an unlimited inclination to work is the **appropriation** of means of production and **personal** control of the work process, however formal this might be.

This is the ultimate basis of the extraordinary importance in agriculture of small-scale farming, and especially of smallholdings, whether as a small owner, or as a small tenant (with the aspiration to become a landowner one day). The classical country in this regard is China, whereas for skilled, craft-based industry with

specified products India is the prime example, followed by all Asian territories, but also the occidental Middle Ages, where the most important struggles were fought for the sake of (formal) individual disposition over labour and land. The very marked amount of additional labour that small **peasants** (task **specific** and not specialised by task, even as gardeners) invest in their enterprises renders their existence possible precisely **because of** the absence of capitalist calculation and their retention of the household and enterprise as one unit. The standard of living is voluntarily limited so that **formal** independence might be achieved, and use is also made of the possibility in agriculture of employing, **in the household**, products that would for a **market-based** (*Erwerbsmäßig*) large enterprise be treated as unsellable by-products and waste matter. When run by its **owner**, the agricultural enterprise based on capitalist calculation is, according to all studies, incomparably more sensitive to economic fluctuations than the small enterprise.⁸³

In industry, the corresponding phenomenon lasted **until** the era of mechanised and highly specialised enterprises based on combined labour. Enterprises like that of Jack of Newbury could quite simply be **prohibited** well into the sixteenth century (as happened in England) without catastrophic consequences for workers' *Chancen* of employment. The bringing together into one workshop of looms appropriated to their owners together with their owners' labour without any material increase in specialisation and interconnection of labour did not mean, under given market conditions, a related increase in *Chancen* for the entrepreneur that would certainly cover the greater risk and workshop costs incurred. But above all in industry, as in agriculture, not only is an enterprise with a great deal of **capital** invested in **plant** (fixed capital) sensitive to economic fluctuations, it is also extremely vulnerable to any irrational conduct (**unpredictability**) in administration

⁸³ See Max Weber, "Gutachten über die Frage: Empfiehlt sich die Einführung eines Heimstättenrechtes, insbesondere zum Schutz des kleinen Grundbesitzes gegen Zwangsvollstreckung?," *Verhandlungen des 24. Deutschen Juristentages*, Bd. 2 (1897): 15–32; MWG I/4.2, pp. 645–66.

and the law, as was everywhere encountered **beyond** the modern Occident. Decentralised domestic labour was here able to hold its own in competition with the Russian “factory” and all other forms, **until**—well **before** the introduction of mechanised power sources and machine tools—the need for a more exact calculation of costs and for the standardisation of products, aimed at the better utilisation of prevailing **market Chancen**, together with technologically rational **equipment**, led to the creation of internally specialised enterprises employing water and horse power, to which were then added mechanised motors and machines. All of the large workshops that had previously been created across the entire world could simply disappear without any perceptible disturbance to the *Chancen* for gain on the part of those involved, and without having any especial effect on the meeting of needs. Only with the emergence of the “factory” did this change. The willingness to work on the part of **factory** labourers was, however, primarily determined by the transfer to them of maintenance and subsistence risk linked to very strong indirect compulsion (the English workhouse system!), and it has lastingly remained bound by the compulsory guarantee offered by the prevailing system of property, as the recent revolution⁸⁴ showed when compulsion crumbled and this readiness to work deteriorated.

§26. Communist organisation, including all working communities and associations that **do without** calculation, do not seek to achieve an optimal level of subsistence, but rather an optimal level of directly **felt** solidarity. Consequently, they have historically, and right up to the present day, arisen on the basis of a primarily **extra-economically** oriented ethos (*Gesinnung*), to wit:

1. the domestic communism of the **family**—on a traditional and affectual basis;
2. the communistic comradeship of an **army**;

⁸⁴ The reference is to the situation in Germany from November 1918 to the summer of 1919.

3. as communistic love in a (religious) **community**, in cases 2. and 3. primarily arising on a specifically emotional (charismatic) foundation. But they are always either
- a) at **variance** with a context of traditional or purposively rational (hence, predictable) economic conduct based on a division of labour; the group then either works for itself, or by contrast is sustained by external contribution (or both); or
 - b) they form a household group of the **privileged**, who rule over separate households and sustain themselves by contribution or by levy; or
 - c) they form a household of consumers separate from gainful enterprises, drawing their income from the latter, and are therefore in a sociated relationship (*vergesellschaftet*) with them.

Case a) is typical for religious communistic economies, or those based on a common worldview (communities of monks who either work to support themselves, or renounce the world altogether; sects; utopian [*ikarischer*] socialists).

Case b) is typical of the military, more or partially communistic societies (the “men’s house” in primitive communities, the Spartan mess, Ligurian pirate communities, the entourage of Khalif Omar, the communism of consumption and [in part] requisition on the part of armies of every period); it is also typical of authoritarian religious groups (e.g., Paraguayan Jesuits, communities of mendicant monks in India and elsewhere).

Case c) is typical of family households within the commercial economy.

Preparedness to work and consumption without thought of any calculation is, within these communities, the **consequence** of a noneconomic disposition; in cases 2 and 3, this is for the greater part founded on strong feelings of a separation from and a **struggle** against the orders of the “world.” All modern communist tendencies, insofar as they aspire to become **mass** commu-

nist organisations, have to direct **value rational** argument to their followers, but employ **purposively rational** arguments in their propaganda. Hence, in each case they have to employ specifically **rational** considerations and rely on **everyday** issues, in contrast to military and religious communities that are formed around the extraordinary. The *Chancen* that are available to them on an everyday basis are therefore inwardly quite different from those available to communities oriented to the exceptional, or primarily the extra-economic.

§27. In embryonic form, **capital goods** first appear as **commodities** that are exchanged either locally or between ethnic groups, presupposing (see §29) that the emergence of “trade” is **separate** from the household production of goods. This household trading activity (selling its surplus) cannot be conducted in terms of any special form of capitalist calculation. Products made by households, clans, and tribes and sold to other ethnic groups are **commodities**; their means of production, so long as they remain domestic products (*Eigenprodukte*), are tools and raw materials, not capital goods. It is just the same with the means of production and products sold by peasants and feudal lords, so long as their economic activity is not based on capitalist calculation of even the most primitive form (for which there are already preliminary signs in, e.g., Cato). It goes without saying that the entire internal flow of goods in *oikos* and landed estate, as well as opportunistic or typical internal exchange of products, is the opposite of economic activity based on capitalist calculation. Likewise, trade carried on by an *oikos* (e.g., that of the Pharaoh), even when it is **not** exclusively trade for the sake of its own needs as with household exchange but rather serves partly acquisitive purposes remains noncapitalist in the sense of the terminology used here so long as it cannot be oriented to capitalist calculation, especially to the prior estimation in money of *Chancen* for profit. This last condition was true of professional itinerant **traders**, whether they dealt in products they brought together themselves, or by a commenda

or a social group. It is **here**, in the form of the occasional undertaking, that we find the source of capitalist calculation and the original form of the capital good (*Kapitalgüterqualität*). Humans (slaves, bondsmen) used by serf-owners and landlords as a source of **rent**, or plant and installations of all kinds, are of course merely rent-bearing components of wealth and not capital goods, just like (with respect to the **private** individual oriented to rent seeking [*Renten chance*]⁸⁵ or the occasional speculative venture, by contrast with the temporary investment of **acquisitive enterprise** capital) today's securities yielding dividends or annuities. Goods received as compulsory dues by serf-owners or landlords from their vassals by force of lordly power and then sold in a market are, in our terminology, "commodities," not "capital goods," since rational capitalist calculation (costs!) is absent not only in fact but **in principle**. By contrast, slaves employed in an enterprise as a means for acquisition (given the existence of a slave market and the prevalence of slave purchase) are capital goods for such an enterprise. In the case of (patrimonial) subjects who are **not** freely bought and sold but employed in manorial enterprise (*Fronbetrieben*), we do not wish to speak of capitalist enterprises but only of acquisitive enterprises with bonded labour (what is decisive here is also the bondage of the **lord** to the labourer!), whether this involves agricultural enterprises or unfree domestic industry.

In manufacture (*Gewerbe*), craft work (*Preiswerk*) is "petty capitalist" enterprise; decentralised capitalist enterprise in the case of domestic industry, and centralised in the case of any form of actual capitalist workshop enterprise. All forms of tenants' servants' (*Stör*; see §19), wage work, or homeworking are simply forms of labour, the first two in the interest of a household, the third related to the gainful interest of the employer.

What is therefore decisive here is not in principle the empirical **fact**, but the **possibility**, of material capitalist calculation.

⁸⁵ Rent seeking is a quite anachronistic translation here but captures Weber's sense.

§28. Alongside all the earlier forms assumed by specialised or specified tasks and discussed above, there is also in every commercial economy (and also, normally, in a materially regulated economy) the **mediation** of exchanging a dispositional power possessed by oneself or by another. This can happen

1. through the members of an administrative staff of an economic organisation, against fixed or performance-based remuneration in kind or in money;
2. through a cooperative organisation created specifically to serve its members' exchange needs; or
3. as a gainful occupation paid by fee, without there being any acquisition by the agency of dispositional powers, this assuming quite varied legal forms;
4. as a capitalist gainful occupation (**sole trading**): buying in the present in the expectation of a profitable future resale, or sale at a future date in the expectation of profitable premature purchase, where this is either
 - a) quite freely conducted in the market, or
 - b) materially regulated
5. through continuously regulated compensated expropriation of goods and their compensated—free or compulsory—exchange on the part of a political organisation (**compulsory trade**);
6. by offering money on a professional basis, or the procurement of credit against gainful payments, or the acquisition of means of production on the security of **credit** to
 - a) gainful economies or
 - b) organisations (especially political organisations), which is a credit operation. The economic meaning of this can either be
 - α) the time allowed for payment
 - β) credit for the procurement of capital goods.

Cases 4 and 5 alone are to be called "**trade**"; case 4, "free" trade; and case 5, "compulsorily monopolised" trade.

Case 1: a) Household economies: ducal, landed estates, monastic “negotiators,” and “actors”; b) gainful economies: *Kommis*.

Case 2: Cooperatives for purchase and for sales (including “consumer unions”).

Case 3: Brokers, self-contracting agents, forwarding agent, insurance agents, and other “agents.”

Case 4: a) modern trade,

b) heteronomous compulsorily or autonomously agreed assignment of purchase or sale from or to clients, or purchase or sale of commodities of a particular kind, or material regulation of conditions of exchange according to the directives of a political or cooperative corporate group.

Case 5: Example: a state grain-trading monopoly.

§29. Free sole trading (case 4)—and for the time being this will be our sole point of reference—is always “gainful enterprise,” never “householding,” and so is, under all normal circumstances (if not inevitably), acquisition through the exchange of **money** taking the form of contracts for purchase and sale. But it **can** be

a) a “sideline” for a household.

Example: the disposal of surpluses accrued in domestic industry from household members’ work **dedicated** to this line of production **on their own account**. By contrast, the disposal of such a surplus from this or that member is not at all a “sideline.” If the members in question devote themselves **solely** to disposal (or exchange) on their own account, we have an instance of case no. 4 in a modified form, and an instance of case no. 1 if it is attributable to the **entirety** of the household.

b) an inseparable part of the totality of activity that creates **finished** goods by its own efforts on a local basis.

Example: peddlers and the **small** dealers connected with them, taking their stock of commodities **with** them around local areas, directed **primarily** to the

local movement of goods to market, who have therefore been mentioned above under “transport” (§24a). Travelling “commenda traders” now and then form the transition to no. 3. Whether the transporting activity is “primary” and the “trading profit” a secondary matter, and vice versa, is entirely fluid. In any event, all these categories are “dealers.”

Sole trading (case 4) is **always** conducted on the basis of the **appropriation** of means of production, even if the power of disposition arises from credit raised for the purpose. The capital risk always falls on the sole trader as his own risk, and the *Chance* of profit is likewise appropriated to him, by virtue of the appropriation of the means of production.

There is extensive scope for specification and specialisation within free sole trading (case 4). Of prime economic interest are only the forms:

- a) according to the type of economy from which and with which the dealer engages in exchange.
 1. Trade between **households** producing surpluses and consumption **households**.
 2. Trade between gainful economic organisations (“producers” or “dealers”) and households: “consumers,” naturally including all corporate orders, especially political orders.
 3. Trade between gainful economic organisations and other gainful economic organisations. Cases 1 and 2 correspond to the concept of “retail trade,” which means: sale to consumers (**no matter** from where purchases are made), while case 3 corresponds to “wholesale trade” or “merchant trade.”
- b) Trade can take place
 - a) through a market
 - α) in a consumer market, normally in the presence of the commodity (**retail market trade**),
 - β) in a market for acquisitional economic organisations,
 - αα) in the presence of the commodity (**trading fairs**)

Mostly seasonal, but this is not conceptually necessarily.

ββ) in the absence of the commodity (**bourse trading**)

Mostly all year round, but this is not conceptually necessary.

- b) through customers, supplying **regular** customers, which are either
 - α) households (**customer retail trade**), or
 - β) acquisitional economic organisations, which in turn are either
 - αα) producers (**wholesaler**), or
 - ββ) retailers (**wholesalers trading in a range of goods**), or finally,
 - γγ) other wholesalers: “first,” “second,” and so forth, “hand” in wholesale trade (**intermediate trading in a range of goods**).
- c) It can be, according to the location of origin of goods sold in one place:
 - a) interlocal trade,
 - b) local trade.

Trade can involve **material** duress

- a) with respect to purchases from economic organisations selling to clients (putting-out trade)
- b) with respect to sales to economic organisations making purchases (sales monopoly)

case a) is close to putting-out in industrial enterprise and is, for the most part, identical to it.

Case b) is materially “**regulated**” trade [no. 4, case b)].

Selling goods on one’s own account is, of course, a part of **all** market-related acquisitive enterprise, even for those engaged mainly in “producing.” This kind of sale does not, however, involve “middlemen” in the sense of the definition so long as no **dedicated** and specialised administrative agent (e.g., *Kommis*) is involved, such that there is **dedicated** “trading” ac-

tivity on a professional basis. All intermediate forms are quite fluid.

The calculation involved in trade will be considered “speculative” to the extent that it is oriented to *Chancen* whose realisation is “accidental” and so in this sense are **evaluated** as “unpredictable,” which hence implies the assumption of “contingent risk” (*Zufall-srisiko*). The transition from rational calculation (in this sense) to speculative calculation is entirely fluid, since **no** calculation made with regard to the future can be objectively secured from unanticipated “contingencies.” The distinction rests therefore only on differing **degrees of rationality**.

The technical and economic specialisation and specification of trading activities does not manifest itself in any particular way. The “department store,” through the most thorough **internal** functional specialisation, corresponds to the “factory.”

§29a. We shall call **banks** those kind of gainful trading enterprises whose business is

- a) the administration, and
- b) the creation of **money**.

As regards a), the **administration** of money

- α) for private budgetary needs (household deposits, safe deposits for wealth)
- β) for political organisations (the conduct of banking accounts for states),
- γ) for gainful businesses (safe deposits for enterprises, ongoing accounting for the same)

As regards b), the **creation** of money

- α) for budgetary needs:
 - αα) private (consumer credit)
 - ββ) political organisations (political credit)
- β) for gainful businesses:

- αα) for the purposes of paying third parties:
 - ααα) **exchange** of money,
 - βββ) bank transfer;
- ββ) as an advance on client payments that will fall due.
 - Main case: discount of acceptances;
- γγ) for the purposes of **capital** credit.

It is formally a matter of indifference whether

1. This money is paid, advanced, lent from one's own funds, or promised to be made available on demand ("running credit"), with or without deposit or other provision of security of payee; or whether they
2. cause others through sureties or other ways to **credit** the payee.

In fact, the gainful business of banks is normally directed to making a profit by advancing credit, using means that have been credited to them.

The bank can create credited money from either

1. monetary metal or reserves of coin from the existing mints, which it obtains through credit, or
2. by **creating** the money themselves, in the form of
 - α) certificates (bank money), or
 - β) circulating media (banknotes). Or:
3. from the privately credited deposits of monetary media by others.

In every case in which the bank either

- a) itself takes up credit, or
- b) creates circulating media,

it is, assuming rational conduct by the bank, usual to provide "cover," holding back a sufficiently large sum of convertible money or equivalent amount of earmarked credit for "liquidity," the capacity of meeting **normal** demands for payment.

As a rule (but not always), it is usual to ensure the maintenance of liquidity norms for those banks that **create** money (issuing banks) through regulations imposed by trade associations or political organisations. These regulations tend to be oriented **simultaneously** to the aim of protecting as far as possible the chosen **monetary** order of a given monetary domain against changes in the **material** value of money, and so in this way securing (formally) rational economic budgetary calculations of households, especially those relating to political organisations, and also those for gainful businesses, against “disturbances” originating in (material) irrationalities. In particular, there is a tendency to seek as stable a price as possible for one’s own monies in the monies of **other** monetary domains with which trade and credit relations are conducted, or where this is sought (**a fixed rate of exchange, monetary parity**). A policy directed against monetary irrationality will be called **lytric policy**,⁸⁶ following Georg Friedrich Knapp. For a state based **purely** on the rule of law (a laissez-faire state), this is **absolutely** the most important economic policy measure that it typically adopts. In its **rational** form, it is quite characteristic of the **modern** state.

The measures of Chinese policy relating to copper coinage and paper money, and ancient Roman coinage policy, will be mentioned at the proper point.⁸⁷ This was **not in any way modern** lytric policy. Only the Chinese gilds’ promissory money policy (the model for the Mark of Hamburg’s promissory policy) were rational in our sense.

The term **financial transactions** will be used for all transactions—whether by “banks” or by other casual or privately conducted

⁸⁶ Georg Friedrich Knapp, *Staatliche Theorie des Geldes* (Leipzig: Duncker und Humblot, 1905), p. 199. Knapp created esoteric neologisms that tend to obscure rather than clarify; here he uses a Greek term for a sum of money as a name for the legal and institutional framework that designated money as money.

⁸⁷ Weber never developed this point.

subsidiary activities, or part of speculative activity by a “financier”—that are oriented to the purpose of establishing profitable powers of disposition over the *Chancen* enterprises have for gain:

- a) by transforming the right to appropriated gainful *Chancen* into **securities (commercialisation)** and by acquiring these directly, or from enterprises “financed” as in c)δ) below.
- b) through systematic offering (and probably also, refusal) of trade credit,
- c) (if necessary, or sought) by imposing a connection between hitherto competing enterprises
 - α) as in the monopolistic **regulation** of enterprises at the same level (**cartelisation**), or
 - β) as in the monopolistic union of hitherto competing enterprises under **one** management to eliminate the least profitable (**merger**), or
 - γ) as in a (not **necessarily** monopolistic) **union of successive** = staged enterprises in a **combine**,⁸⁸ or
 - δ) as in the use of securities to seek centralised control over a large number of enterprises (trusts) and—if desired—the planful creation of new enterprises for the purposes of profit or pure power (financing in the sense used above).

“Financing operations” are quite **often** done by banks or with their assistance, quite regularly, often unavoidably. But management is often in the hands of **stockbrokers** (Harriman) or large productive enterprises (Carnegie); cartelisation is in the hands of large enterprises (Kirdorf, etc.), while “trusts” are created by particular “financiers” (e.g., Gould, Rockefeller, Stinnes, Rathenau). (More on this later.)⁸⁹

⁸⁸ That is, vertical integration of suppliers and wholesalers for a given product.

⁸⁹ This point was never developed further.

§30. The greatest degree of **formal rationality** in capitalist calculation for **productive** enterprises (*Beschaffungsbetriebe*) can be achieved under the following conditions:

1. complete appropriation⁹⁰ of all material means of production to the owner and complete absence of formal appropriation of *Chancen* for gain in the market (free market for goods);
2. complete autonomy on the part of the owner in selecting managers, and hence complete absence of formal appropriation by management (freedom of enterprise);
3. complete absence of appropriation both of workplaces and employment *Chancen* (*Erwerbschancen*) by workers, and vice versa, by worker to owner (free labour, free market for labour, and freedom of **selection** of workers);
4. complete absence of material regulations involving consumption, production or prices, or any other statutory provisions limiting free agreement over conditions of exchange (material economic freedom of contract);
5. full calculability of technical conditions of production (mechanically rational technology);
6. fully functional calculability of the administrative and legal order and a reliable **purely formal** guarantee of all agreements by political force (formally rational administration and formally rational law);
7. the most complete separation possible of the enterprise from the household and from the vagaries of wealth, especially with respect to the capital endowment and cohesion of the enterprise on the one hand and the amount and heritability of the owner's wealth. In the case of large businesses, this would generally be **formally** optimal for (1) businesses

⁹⁰ Here and in the following, Weber's insistence on using "appropriation" for what is usually referred to as "allocation" or "assignment" is especially obtrusive and unhelpful. See the comments in the Translation Appendix.

- processing raw materials and providing transport services, and in mining in the form of societies with freely alienable shares and guaranteed capital without personal security; and
 (2) agriculture where there is a (relatively) long rental period;
 8. the greatest possible formal rationality of the **monetary** order.

Elaboration of these points calls for only a few remarks, which have been touched on previously.

1. Regarding no. 3. Unfree labour (especially slavery) provides more formally unlimited disposition over workers than hiring, as compared with wage labour. Nonetheless, (a) the amount of capital **required** for investment for the purchase and feeding of slaves was greater than that needed to pay hired labour; (b) the human capital **risk** was specifically irrational (because of noneconomic factors of all kinds, especially more strongly with respect to political elements than in the case of hired labour; (c) representing slave capital in accounting terms was irrational because of fluctuations in the slavery market and associated price fluctuations; (d) also, for the same reason and above all: supplementing and recruiting slave capital was politically determined; (e) where slave families were permitted, the employment of slaves was burdened with accommodation costs, especially with respect to the feeding of women and the care of children, where there was no economically rational way of realising their potential as a labour force; (f) the **complete** exploitation of the work done by slaves was only possible where there were no families and ruthless discipline, which increased the significant irrationality of the elements noted under (d); (g) all experience showed that the use of slaves for the operation of tools and apparatus that required high levels of personal responsibility and self-interest was not possible; (h) above all, there was no prospect of selection, [such as] engagement after a test on a machine, or dismissal in the event of a downturn or poor work.

Slave **enterprises** have only shown a return (a) where there is the possibility of feeding slaves very **cheaply**; (b) where the slave **market** is regularly replenished; (c) where there is plantation-based agriculture or very simple industrial processes. The most important examples of this use of slave labour are Carthaginian, Roman, some colonial and North American plantations, and

Russian “factories.” The drying up of the slave market (as the Imperium was pacified) led to the shrinkage of ancient plantations; in North America, the same circumstance led to a constant search for new land, since apart from the rent from slaves, no land rent was possible. In Russia, slave factories had difficulty competing with *kustar* (domestic industry), and were entirely incapable of competing with free factory labour, constantly petitioning for permission to free their workers even before Emancipation. With the introduction of free workshop labour, slave factories disappeared.

For waged labour, (a) risk to capital and the amount of capital required is reduced; (b) reproduction and the care of children is left entirely to the worker, whose wife and children must “seek” work; (c) the danger of dismissal makes it possible to gain the maximum from workers; (d) there is selection according to the capability and willingness to work.

2. Regarding point 7. In England, the separation of rental **enterprises** run according to capitalist calculation from entailed landed **estates** is no coincidence, but instead an expression of centuries of development (and also of the lack of formal protection to peasants and farmers, given the island setting). Every connection of landed **property** with the **economic exploitation** of land transformed such land into an economic capital good, consequently increasing the need for capital but also the risk for capital; it also limited the separation of household and enterprise (inheritance payments burden the **enterprise**), as well as the movement of capital belonging to those who were economically engaged. And, finally, it placed irrational demands on capitalist calculation. Hence, the separation of the ownership of land and its cultivation corresponds **formally** to the rationality of enterprises run according to capitalist calculation (while the **material** evaluation of the phenomenon will vary greatly according to the viewpoint taken).

§31. There are **diverse kinds** of “capitalist” tendencies (as regards rationality—conducted according to capitalist **calculation**) in the orientation of acquisitive activity:

1. Orientation to (a) *Chancen* for profit in continuing acquisition and disposal in a **market** (“trade”) where these are free exchanges (formally: not compulsorily imposed;

- materially: at least relatively voluntary); (b) *Chancen* for profit making in enterprises using capitalist calculation and continuously involved in the **production** of goods.
2. Orientation to *Chancen* for acquisition (a) through trade and speculation in forms of money, assumption of payments of all kinds and creation of means of payment; (b) through professional extension of credit α) for the purposes of consumption, β) for purposes of acquisition or gain.
 3. Orientation to *Chancen* to secure **plunder** (*Beuteerwerb*) from political or politically oriented organisations or persons: the financing of wars or revolutions, or the financing of party leaders through loans or gifts.
 4. Orientation to *Chancen* for continuing gain by virtue of force, through rule guaranteed by political force: (a) colonial (gain from plantations with compulsory deliveries or forced labour, monopolies, and coercive trade); (b) fiscal (gain through tax farming and sale of offices, at home or in colonies).
 5. Orientation to *Chancen* for gain through extraordinary deliveries from political organisations.
 6. Orientation to *Chancen* of gain (a) through **purely** speculative transactions in standardised commodities or securitised shares in enterprises; (b) by taking care on a continuous basis of payments made by public organisations; (c) by financing the **foundation** of enterprises through selling securities to interested investors; (d) through the speculative financing of capitalist businesses and all other kinds of economic organisation for the purpose of profitable regulation of gainful activity, or of **power**.

Cases 1 and 6 are generally **peculiar** to the Occident. The remaining cases (2–5) have been found all over the world for centuries, wherever (in the case of no. 2) the possibility of exchange and a money economy have been found, and (for 3–5) where there was **monetary** financing. In the Occident, they have only had local and **temporary** (especially in wartime) prominence as means for gain, by contrast with antiquity. They are to be found everywhere

when large parts of the world have been pacified (the unitary empires of China, and later Rome), later shrinking so that only trade and money changing (no. 2) remained as forms of capitalistic gain. For the capitalistic financing of politics was everywhere the product of

- a) the competition for power among states,
- b) the consequent competition over capital capable of being moved freely between them.

This ended only with unitary empires.

So far as I am aware, this perspective has hitherto been developed most clearly by Johann Plenge, *Von der Diskontpolitik zur Herrschaft über den Geldmarkt* (Berlin 1913). See before this my own treatment in my article "Agrargeschichte, Altertum," *Handwörterbuch der Staatswissenschaften*, Bd. I (3rd ed.).

It is only in the Occident that rational capitalist enterprises with **fixed capital**, free labour and the rational specialisation and combination of work can be found, with purely commercial distribution effected on the basis of capitalist economy. Which means: the capitalist form of formally purely voluntaristic **organisation of labour** as the typical and ruling form through which the needs of the broad mass are met, with the expropriation of workers from the means of production, and the appropriation of enterprises to those who hold securities. Only here is there public credit taking the form of government securities; commercialisation; the issue of securities and financial operations as the object of rational enterprise; stock-market trading in commodities and securities; "markets" for money and for capital; monopolistic associations as a form of economically rational organisation for the **production** of goods in enterprises (and not only trade in goods).

This difference [between the Occident and the rest of the world] calls for an **explanation** that cannot be based on economic reasons **alone**. Cases 3–5 can be taken together as politically oriented

capitalism. All of the following discussion is **also** primarily directed to this problem. Generally, we can only say:

1. It is clear from the start that the politically oriented events that provide these possibilities for gain (*Erwerbsmöglichkeiten*) are economically irrational—considered in terms of their orientation to **market** contingencies (i.e., the consumption needs of budgetary units).
2. It is likewise clear that **purely** speculative *Chancen* for gain [2.a) and 6.a)], together with pure consumption credit [2.b) α)] are irrational for the meeting of needs and for units producing goods, because they are brought about by accidents of ownership or constellations of market *Chancen*, and because this also might apply to *Chancen* to found and finance new initiatives [6.b)c)d)], although this does not **have** to be the case.

Specific to the modern economy, besides the rational capitalist business, is (1) the way the monetary system is organised, and (2) the way shares in going concerns are commercialised through securities. The peculiarities of each of these will be discussed here.⁹¹ First of all, the monetary system.

§32. 1. The modern state has taken upon itself

- a) **without exception:** the statutory regulation of the monetary **order**, and
- b) almost without exception: the monopoly of monetary **creation** (the issue of money), at least as far as metallic money is concerned.

1. At first, purely fiscal reasons were decisive for monopolisation (minting fees and other profits arising from coinage). For that reason, initially [there was] **prohibition** of foreign money (which we will not deal with here).

⁹¹ In fact, Weber only discusses the monetary system.

2. The monopolisation of the **creation** of money has not everywhere survived into the present (until the reform of coinage, foreign gold coins were used as currency in Bremen).

Furthermore:

- c) the state is, given the increasing importance of its taxes and production by its own enterprises, either by virtue of its own or accounts run on its behalf (both of which will be called “public accounts”)⁹²
 - α) the greatest recipient of payments, and
 - β) the greatest maker of payments.

Also, apart from points a) and b), according to c), of decisive importance for a modern monetary system is the behaviour of state **funds** to money, above all the question of what (public) money they actually

- 1. have available, and so **can** distribute,
- 2. can **force on** the public, as **legal** tender,

also the question of what money they **actually**

- 1. collect, or
- 2. repudiate, in whole or part.

Partly repudiated is, for example, paper money, when payment of duties in gold is demanded; French Revolutionary assignats were completely repudiated, as was the money of the American Confederate states and the money issued by the Chinese government during the period of the Taiping Rebellion.

⁹² Weber here borrows a term from Knapp, *regiminale*, meaning “bringing together all state finances.” Parsons’s solution, “public money” (p. 281), is far simpler.

Legally, money can only be **defined** as a “lawful means of payment” if everyone—hence also, and chiefly, state funds—is obliged to use it, whether under some restrictions, or in unlimited amounts. Public money can be defined as money that state funds pay out and collect in—legally enforced money is especially the money that they impose.

“Imposition” can arise

- a) by virtue of established **legal** authority for the purposes of currency policy (taler and five franken pieces were issued after the cessation of silver coinage—this is well known **not** to have worked!).

Or it can be

- b) imposed because of the inability to pay in any other medium, which leads either to
 - α) the need to make use of legal authority to impose a new means of payment, or
 - β) the ad hoc creation of formal (legal) authority to impose a new means of payment (this is what almost always happens when resorting to a paper currency).

In this last case, b)β), it usually happens that a means of exchange previously in use as legal or actual tender is now, in effect, irredeemable.

From the legal standpoint, a state can define any object as “legal means of payment” and any chartal object as “money” in the sense of a legal means of payment.

But where there are **formal** disruptions to the legal monetary order, the state finds it difficult, or impossible,

- a) in the case of administrative money, to suppress forgeries that are almost always profitable;
- b) for all metal money:
 - α) to prevent the nonmonetary use of the metal as a raw material, if the relevant products have a very high price,

- and especially so if the metal in question has a very unfavourable rate of exchange (see γ);
- β) to prevent its export to countries where the metal enjoys a higher value (in the case of coin);
 - γ) to prevent the legal currency base metal being offered for coinage where its face value is undervalued either in note or coin.

In the case of paper money, the value is set such that a nominal metallic unit is equivalent to a paper unit but becomes too unfavourable for the metallic money when the redemption of notes is suspended; this happens when payments can no longer be made in metallic money.

The rates of exchange between several metallic **currencies** can be determined

1. by fixing the relationship between different funds for each individual case (free parallel currencies),
2. by establishing rates for a given period,
3. by a permanently fixed official rate (in the case of more than one metal—bimetallism).

In the case of 1. and 2., it is quite usual for only one metal to be used as the public, effective currency—in the Middle Ages, this was silver. For 3., there were trading coins with an exchange rate, such as Friedrich d'or or ducats). A complete separation of the specific uses and valuations of currency seldom occurs in a modern monetary order, but happened more frequently in past times (e.g., China, the Middle Ages).

2. ⁹³ The definition of money as legal tender and as a product of lytric administration does not exhaust its sociological significance. This definition begins from “the fact that there are debts” (G. F. Knapp), in particular taxes owed to the state

⁹³ The first section (1.) starts at the beginning of §32.

and interest payments made to states. To meet these legal dues, the **nominal** stability of money is essential (even if in the meantime the monetary **material** has changed); or if the nominal measure has changed, then the “historical definition” is retained. Besides that, today the individual values the nominal monetary unit not as a chartal metallic coin or note, but as a portion of his nominal money **income**.

The state can by its legislation, and the administrative staff charged with its execution, **formally** in fact likewise control (*beherrschen*) the “currency” valid in the monetary area it commands through its actual (governing) behaviour.

If, that is, the state operates with modern administrative methods. China, for example, could not do so. Nor could it do so earlier, for at that time payments into and out of the exchequer were on too small a scale as compared with the total flow of transactions. Nor today can China do so: it seems that silver cannot be made into a restricted currency with a monetary reserve, since it would be impossible to prevent the counterfeiting that would arise.

There are not **only** existing debts but also the ongoing exchange and recontracting of debt for the future. Here, though, the orientation is primarily to the place of money as a **means of exchange**—hence: the *Chance* that in the future it will in some way be accepted in exchange for goods thought to be defined or undefined, but at an estimated **relative** price.

1. Of course, there are some circumstances **also** primarily oriented to the *Chance* that pressing state or private debt might be paid off with the proceeds. But we can leave this out of account here, since such circumstances presuppose the existence of a “state of emergency.”

2. It is **here** that the incompleteness of G. F. Knapp’s otherwise quite “correct” and simply brilliant book *Staatliche Theorie des Geldes* **begins**, notwithstanding its permanent and fundamental importance.

For its part, the state needs the money that it raises through taxation or other measures, not **only** as a means of exchange but also often very urgently as a means of paying off interest on debt. But its **creditors** want to use money as a means of exchange, and seek it for this purpose. And the state itself nearly always wants money—but very often **only** as a future means of exchange for commercial market transactions covering the state's need for utilities. The quality of being a means of payment, no matter how precisely it can be distinguished, is not therefore its defining quality. The *Chance* of exchanging money for specific goods, resting on its valuation in relation to goods in the market, will be called its “**substantive** validity” (by contrast 1. to its **formal**, legal validity as a means of payment, and 2. the frequent existence of legal compulsion for the **formal** use of money as a means of exchange). “Substantive” **valuation** exists tangibly in principle 1. only in relation to particular **kinds** of goods, and 2. for every **individual**, **his own** valuation of according to the marginal utility of money (varying according to his income). This individual's valuation will, of course, shift with the increase in the amount of money available to him. Initially, for the instance issuing money the marginal utility of money generally (but not only) diminishes when it creates **administrative** money and uses it as a means of exchange to make purchases, or imposes it as a means of payment. The marginal utility of money secondarily diminishes for the state's exchange partners whose monetary holdings increase because of the higher prices they have approved, given the lower estimate of marginal utility on the part of the state administration. The “purchasing power” that they acquire—the falling marginal utility of money for these holders of money—can then in turn lead to their allowing an increase in prices for **their** purchases, and so on. If, by contrast, the state were to “withdraw” from circulation some of the paper money it had issued, ceasing to use it and destroy it, then it would have to reduce expenditures corresponding to the raised estimate of marginal utility of its diminished monetary reserves, and reduce its asking price. Then

the exact opposite would happen. From the perspective of a commercial economy, therefore, **administrative money** can have an impact on prices in a single monetary area—although it is not the only form that can effect this, it is the most important one.

Which goods, and at what rate, is not a matter to be discussed here.

3. It has been true universally that a cheapening of and increase in the production of currency metal, or alternatively, a rise in costs and consequent reduction in production, could have a similar outcome for **all** countries using the currency. Monetary and nonmonetary use of such metals are related. Only with copper (in China), however, was nonmonetary use decisive in its valuation as money. With gold, the equivalent valuation in the nominal gold unit minus minting costs is taken for granted as long as it is used for payments **between** monetary areas, while at the same time circulating in the monetary areas of leading trading states, as today. It was the same with silver, and would still be the same today under the same conditions. A metal that is not used for payments **between** monetary areas, but that circulates in some monetary areas, will naturally be considered nominally equivalent to the local nominal monetary unit, although the comparative value of the latter fluctuates according to the so-called balance of payments, depending on the costs of supplementing it and the given quantity. Finally, precious metal that was used universally for the regulated (hence, restricted) minting of administrative money, but that is used for saving (see below) rather than currency, is always valued in the first instance in terms of its nonmonetary worth. The question is always whether the precious metal in question can be profitably produced and in what quantity. Where there is complete demonetisation, the value of precious metal is set solely in terms of relation of the estimated monetary costs of the means of payment used between monetary areas to its nonmonetary uses.

And finally, where it is used for a longer period as a universal currency, or as administrative money, production will be determined by whether the existing “demand” outweighs costs expressed in the means of payment used between monetary areas. If its use as currency is restricted, it is unlikely that its monetary use will persist, since the relationship between the currencies of different areas and any one of these will tend, in the long run, to reduce its value, and it is only when domestic prices are **entirely** cut off that they remain unaffected (this was the case previously in China and Japan, and today applies to all areas that are de facto cut off from each other by war). Even where a metal is simply used as a regulated administrative money, this strictly defined monetary usage would be of significance only where minting costs were significantly higher, but this would end in a similar way for the same reason as in the case of the free minting of coin.

The theoretical limiting case of the monopolisation of all production and the (monetary and nonmonetary) processing of monetary metal—something that became practical in China for a short period—does not open up as many possibilities as might be supposed, once account is taken of the **competition** between several monetary areas and the use of **wage** labour. For if all payments from state funds were made in the relevant metallic money, the same thing would happen as did with the high level of Chinese seigniorage, every time there was an attempt to limit minting or very **heavily** tax it (which could well yield significant profit). First of all, the money would become very “expensive” in relation to the metal, so that the operation of mines using **wage** labour would become more or less unprofitable. A progressive monetary contraction would tip the economy into “counterinflation” (“contraction”),⁹⁴ and this process (which in China led for a time to complete freedom to mint) would lead to the use of money surrogates and the development of a barter economy (*Naturalwirtschaft*), as also happened in China. Where a **commercial**

⁹⁴ That is, what we today call “deflation.”

economy prevails, lytric administration could therefore in the long run hardly proceed any differently from when “free minting” legally existed, except that minting would no longer be left to interested parties—the significance of this will be discussed later. [See §36.II.] If there was complete socialisation on the other hand, the “money” problem would be removed, and precious metal would hardly be produced at all.

4. That precious metal became the usual monetary material derives historically from its function as ornament, and so a typical form of gift, but besides its purely technical qualities, it was defined as a **weighed** good. Quite why it has **persisted** in this function is not immediately obvious, since today everyone would normally make any payment over about 100 Marks in prewar currency with paper (a banknote in particular) and want to be paid in the same way, but there are important reasons for this persistence.
5. The issue of banknotes is not only legally ordered in all modern states but also **monopolised** by the state. This takes the form of the state either directly taking the matter in hand or devolving responsibility to state-regulated sources (**central banks**) subjected to compulsory norms.
6. **Public** currency is only that which is actually **paid out** from these agencies; those currency forms that circulate between private agencies by virtue of formal legal provisions will be called “**supplementary** currency” (*akzessorisches Währungsgeld*). Money that is legally limited to use in private transactions will be called **subsidiary money** (*Scheidegeld*).

The terminology here borrows from Knapp; the following makes use of it more extensively.⁹⁵

⁹⁵ Parsons’s footnotes here are misnumbered—p. 286n111 in the text relates to the content of note 110. Knapp’s terminology is difficult and needlessly obscure, but Weber proceeds to build

“**Definitive**” currency is public currency, while “**provisional**” currency is any currency that is at any time actually **effective** and exchangeable or redeemable at whatever financial agency.

7. Of course in the long run, public legal tender has to coincide with **effective** currency and not with the “official” legal currency that can deviate from it. As discussed above in §6,⁹⁶ the latter is either (1) free commercial currency, (2) unregulated currency, or (3) regulated administrative money. State funds do not make their payments according to a monetary order that is entirely free and that seems to them ideal, but its actions are forcibly determined both by (1) its own financial interests, and (2) the interests of powerful economic classes.

In its chartal form, an effective standard monetary form can be:

A.⁹⁷ **Metallic money.** Only metallic money can be an effective commercial money. But metallic money does not in any way **have to be** this.

It is

I. **free commercial money** if the monetary administration coins any particular amount of the standard metallic money or will exchange it for chartal coins—this is **Hylodromie**.⁹⁸ Depending on the metal employed, there will then be gold, silver, or copper commercial money. Whether the administration can **effectively** allow these to circulate depends not on its own decision, but instead on whether there are people **interested** in coining.

his casuistry on it. An effort is made in the translation to make the result as intelligible as is possible in the circumstances.

⁹⁶ In Chapter 2, §6, Weber set out his basic monetary definitions, but as Borchardt points out (MWG I/23, p. 394n44) he does not, in fact, refer there to “effective currency.”

⁹⁷ Borchardt notes that the corresponding Section B. on banknotes starts in §34. MWG I/23, p. 394n45.

⁹⁸ Knapp’s neologism for the fixed value of a metallic money.

- a) The fixing of coin prices can “officially” persist without being “effective”—without existing, in fact. Whatever the official position might be, it is accordingly not effective
 - aa) if the legal price fixed for **several** metals (metallic pluralism) sets one or more of these at a **lower** price than the market price of the given raw metal. In this case, only the metal whose tariff has been set too high will be offered for coining by individuals and employed in making payments. If public exchequers cease making payments in the overvalued coins while continuing to use those that are undervalued, they will “accumulate” quantities of the overvalued money until they have no other money form in which they can make payments. If the discrepancy in prices is sufficiently great, the undervalued coins will be melted down, or sold by weight as a commodity in exchange for coins of the overvalued currency.
 - bb) Enforcement of the face value of coinage is also ineffective if those making payments, and especially if exchequers by force of circumstance make continuing and widespread use of their formal rights or usurped powers, to compel acceptance of another metal or paper means of payment that is not only a provisional monetary form, but which is either (1) supplementary, or (2) provisional, and is furthermore no longer redeemable because of the inability of the issuing agency to make payments.

The previous fixed rates cease always to apply in the case of aa), and also for bb)1. and bb)2. where supplementary money is forcefully and continuously imposed, or where there are no longer any other forms of effective provisional money forms.

The result in aa) is that monetary price fixing is limited to overvalued metal that then becomes the only free commercial money, and hence a new metallic and commercial currency. In

bb), “supplementary” metallic money, or notes that are no longer effectively provisional, become the standard currency (in the case of 1. a currency based on restricted funds, and in 2., one based on paper).

b) On the other hand, the fixing of coin prices can be “effective” **without** being “official” by statute.

An example: a purely fiscal interest in seigniorage motivated the competition between medieval coining authorities to mint only with monetary metal, even though no formal relative prices had been established. The outcome was at least similar, all the same.

Following on from the above, we shall call a monometallic standard (whether gold, silver, or copper) the circumstance in which a metal has its price fixed **by law**; a plural metallic standard (whether bimetallic or trimetallic), the circumstance in which several metals are **by law** supposed to exist in a fixed currency **relation**; and a parallel currency standard the circumstance in which several metals are **by law supposed** to exist **without** a fixed currency **relation**. We will only refer here to “currency metal” and “metallic currency” (whether gold, silver, or copper) for the particular metal under consideration that has its price **effectively** fixed, such that it is an effective “commercial money.”

Bimetallism was “**legal**” in all the countries of the Latin Coinage Union until the German coinage reform suspended the free minting of silver. **As a rule**, because the stabilisation of relative values had been so effective that one often just did not notice changes, and bimetallism **effectively** prevailed, the **effective** currency metal was the overvalued and so fixed-price metal, depending on the given market circumstances. The money of other areas became “supplementary money.” (This is something that coincides closely with what Knapp writes.) “Bimetallism” is, therefore, at least where several autocephalous and autonomous mints are in **competition** with each other, always only a transitional effective currency system, and, moreover, usually a purely “legal” rather than effective arrangement.

Of course, the fact that undervalued metal is not presented for coining is not something that “administrative rules” have brought about—it does not, of course, have to do with any “regime”—but is rather the outcome of a market situation that we can assume has changed, and the existing associated relationships. Naturally enough, the monetary administration could **mint** its money at a loss as “administrative money,” but it would not be able to keep it in circulation, since nonmonetary valorisation is more profitable.

§33. II.⁹⁹ Any type of metallic money whose price is **not** fixed will be called “**restricted money**” if it is **legal tender** (*Kurantgeld*).

It circulates either

- α) as “supplementary” money, in a different legal tender of the same monetary area,
- αα) as a different restricted money,
- ββ) as a paper money,
- γγ) as a commercial money.

Or it circulates as

- β) a restricted money with an “international orientation.”
This last case occurs if it does circulate as the **sole** legal tender in its monetary area, but arrangements are made to hold this international means of payment either in coin or bullion in other monetary areas (**international reserve funds**): **international restricted currency**.
- a) Restricted money will be called “particular” if it is the sole legal tender but is **not** oriented to an international standard.

Restricted money can then be either priced ad hoc, as when purchasing the international means of payment or “foreign exchange,” or, in permissible cases, given a fixed price in the international means of payment.

⁹⁹ That is, II with respect to §32.A.I.

(Regarding α) and β): Talers were restricted money, and so are silver five-franc pieces; both are “supplementary.” Silver Dutch guilders are “oriented to international means of payment” (to gold) after they were for a short period when they became “particular” when minting was suspended; rupees are now in the same position. The Coinage Order of 24 May 1910 made the Chinese yuan (dollars) “particular” for as long as a fixed price, *not* mentioned in the statute, really does *not* exist (orientation to an international standard as suggested by the American Commission was rejected). (For a while, it was the Dutch guilder; see above.)

Where money is restricted, a fixed price regime would be very profitable for private holders of precious metal. Despite this (and precisely because of it), restriction is maintained so that, if the fixed price of the previous restricted monetary metal is introduced, the consequent undervaluation of other metals does not lead to the monetary stock made from this metal that is now blocked being put to more profitable and nonmonetary use. The reason that a rational lytric administration seeks to avoid this would be that this other metal is an international means of payment.

b) Blocked commercial money will be called “restricted money” (hence, legal tender) if in direct contrast to a), free coinage is legal, but privately unprofitable and so consequently not pursued. Lack of profitability then depends either on

α . an unfavourable relationship between the market price of the metal and commercial money, or

β . paper money.

Such money was once commercial money, but the prospects for effective private management of fixed prices have been made impossible through either

in the case of α ., multimetallistic changes in the relationships of market prices, or

in the case of β , financial catastrophes with monometallic or bi-metallic systems that made it impossible for state agencies to pay in metallic money and forced them to impose irredeemable paper money. The money in question is, rationally, no longer used for transactions.

- c) Besides restricted **currency** (which is here simply called “restricted money”), there can be restricted metallic **small coin**, that is, money that as a means of payment has a “critical” limit to the amount that can be accepted. It is regularly, although not necessarily, deliberately minted at an “undervaluation” in relation to other coinage (to protect it from the risk of being melted down); it is mostly, but not always, a provisional money, usable over specific counters.

This is a matter of everyday experience and of no special interest.

As money forms, all small coin and very many types of restricted metallic money are similar to paper money; they differ from it only with respect to a point that is nonetheless important—the alternative uses of the monetary material. Restricted metallic money is very close to the circulating medium if it is “provisional money”: if sufficient conditions for its redemption in commercial money are met.

§34. B.¹⁰⁰ **Banknotes** are, of course, **always** administrative money. For a sociological theory, it is always the chartal form of **certificate** (including the formal **meaning** of the image printed on it) that is “money,” and not any kind of “claim” that it might represent (which is, of course, entirely absent with a purely unredeemable paper money).

¹⁰⁰ In relation to A. in §32.

From a formal legal standpoint, an official, redeemable certificate of indebtedness may be

- a) that of a private individual (e.g., a goldsmith in seventeenth-century England),
- b) that of a privileged **bank** (banknotes),
- c) that of a political organisation (state paper).

If it is “effectively” redeemable, and so only a circulating medium and hence “provisional money,” then it can be

- 1. fully covered—a certificate,
- 2. or covered only to the extent that it meets normal demands for redemption, and so a circulating medium.

Coverage can be arranged by

- α. specified and standard weights (bank currency),
- β. or by metallic money.

Paper money is primarily and quite regularly **issued** as provisional (redeemable) money, in modern times typically as a **circulating medium**, almost always as **banknotes**, and therefore typically denominated in the existing nominal value of metallic currencies.

1. Of course, the first part of this last sentence does not hold when one form of paper money is replaced by another, state paper by banknotes or vice versa. But this does not involve any kind of **primary** monetary emission.

2. And regarding the opening sentence of B. above: of course, there can be means of exchange and payment that are **not** chartal, and so neither coin nor certificate nor any other kind of material object—there is no doubt about that. But we do not want to call these “money,” but various kinds of “unit of account,” or whatever might be suitable. Money’s significant characteristic is this: it is tied to **quantities** of chartal **artefacts**, something that is by no means an “incidental” and only “superficial” property.

Where the redemption of a hitherto provisional money has been de facto suspended, we need to determine whether interested parties think this to be

- a) a transitory measure,
- b) or one that is definitive for the foreseeable future.

In the first case, the paper money tends to be discounted with respect to the nominally equivalent metallic currency, since metallic money or bullion is sought after for international payments. This is not by any means inevitable, however, and the size of the discount tends to be moderate (but here again, not necessarily, for the demand for foreign exchange can be very acute).

In the second case, a definite **paper currency** eventually develops (“autogenically”).¹⁰¹ This no longer involves a discount, but (historically) devaluation.

For it is then even possible that the market price of the metallic money (a former commercial money that once formed the point of reference for banknotes) falls very significantly in relation to international means of payment, while the market price reduction of paper money is less marked. And the inevitable result (which has happened in Austria and Russia) is that ultimately the former nominal unit of **weight** (silver) can be purchased for a “lower” nominal sum in banknotes that have in the meantime become independent of it, or “autogenic.” This is perfectly understandable. During the early stages following the issue of a pure paper currency, this currency form always has a **lower** international nominal value than its silver standard, because it is always issued following a prevailing inability to make payments. In Austria and Russia, subsequent developments depended on (1) the so-called international balance of payments that determined the foreign demand for domestic

¹⁰¹ Another term invented by Knapp, contrasted with “hylogenic,” depending on whether the material from which the money is formed is of importance to its quality as money (hylogenic), or not (autogenic). See MWG I/23, p. 403n71.

means of payment; (2) the **quantity** of paper money issued; and (3) the degree of success of the issuing agency in acquiring international means of payment ("exchange rate policy"). It was and is possible that these three elements could in this case combine in such a way that the valuation of the particular paper money on "world markets"—in its relation to international means of payment (today that means gold)—could become more stable, or over time rise, while that of the former currency metal sinks in relation to gold because of (a) increased and cheaper silver production, or (b) the increasing demonetisation of silver. A **genuine** ("autogenic") paper currency is precisely one for which any effective "**restitution**" in the **older** redeemable metal is no longer made.

§35. The legal order and administration of a state can today **formally** and legally enforce in its own domain a money form as "currency" if it is **itself in a position to make payments** in this money form. It is **not** in a position to do so if it has allowed a former "subsidiary" or "provisional" money form to become the general commercial money (in the case of metallic money), or in the case of banknotes, an independent paper money. This is because **these** money forms accumulate in the hands of the state until it has no other kinds of money and **has** to make use of them for its own payments.

Knapp quite properly describes this as the normal course followed in "obstructional" changes to the currency.

This implies nothing, however, about the **substantive** validity of money, that is, how it is used in its exchange **relationship** with other **natural** goods, and so also nothing about the degree of influence over this substantive validity that a monetary administration can gain. Experience has demonstrated that political authorities can effectively exert such influence by rationing consumption, controlling production, and establishing maximum and minimum prices, **as long as this only involves goods and services that are**

domestically available or are manufactured domestically. But even here there are clear limits (as will be discussed elsewhere).¹⁰² And in any event, such measures are clearly not a matter for **monetary** administration.

Rational modern monetary administrations in fact set themselves a quite different task: to influence the material valuation of domestic currency in **foreign currency**, as a rule to “stabilise” as far as possible the exchange rate expressed in foreign money forms. Financial interests (having in view future foreign loans) play a part here, besides those of prestige and political power, as do powerful commercial interests, such as importers and those domestic industries that use foreign raw materials, and finally also the interests of the strata that consumes foreign products. “Lytric policy” is without any doubt today **primarily** focussed on international exchange rates.

This and what follows are **entirely** in agreement with Knapp. His book is formally and substantively one of the great masterpieces of German literary style and scientific acumen. Those specialists who have made criticisms have focussed on the problems **with which he does not deal**, which are relatively few, if not entirely unimportant.

England probably adopted the gold standard somewhat unwillingly because silver, the more desirable standard, was undervalued by the official rate. By contrast, **all** other modern, organised, and **orderly** states have without doubt chosen their monetary standard with a view to the most stable possible relationship with sterling. They have done this by adopting a pure gold standard, or a gold standard with a supplementary silver restricted money, or by adopting a restricted silver currency, or regulated paper money, in both latter cases the aim of monetary policy being to maintain **gold** reserves for international payments. The adoption of purely

¹⁰² This was never elaborated.

paper currencies has occurred **only** following political catastrophes, as a way of meeting an inability to pay in what had been the previous currency. This is happening today on a large scale.

Now it appears to be true that for these objectives in international transactions (a fixed exchange, today in terms of gold), the free coinage of gold in one's own monetary system is not the only effective means. The exchange parity between different types of freely minted chartal gold coins **can** be subjected to very great shocks, even if the *Chance* of acquiring the means of making international payments in foreign trade by exporting or recoinage gold can be eased by domestic coinage of gold. So long as this continues, it can only be significantly disturbed temporarily through natural impediments to the natural course of trade and commerce, or embargoes on the export of gold. On the other hand, experience demonstrates that under **normal** peacetime conditions it is possible to establish a paper currency area with an orderly legal framework, favourable conditions of production, and a monetary policy that deliberately procures gold for foreign payments, maintaining in this way a relatively stable "exchange rate." There are, however, other things being equal, notably higher sacrifices in store for finance, or, in other words, those who need gold. (It would be just the same if international trade were conducted with silver, with a silver standard prevailing in the main trading centres of the world.)

§36. The typical and most elementary means of monetary policy in relation to foreign exchange (which we cannot discuss here in any detail) are:

I. In countries where there is free coinage of gold:

1. Provision of backing for that part of the circulating medium not already covered with gold by **commercial paper**; that is, claims to payments for goods that have been sold and that are guaranteed by "safe" persons (proven entrepreneurs). This is on condition that transactions of the note-issuing banks trading on their **own** account are as

much as is possible restricted to dealing with such paper and to making loans against the security of a stock of goods, accepting deposits, clearing cheques, and finally, acting as a financial agent for the state.

2. The issuing bank has a discount policy that entails raising the rate of interest deducted for paper when it is likely that foreign payments will give rise to a demand for gold that will threaten domestic gold reserves, especially those of the issuing bank. The purpose of this is to encourage foreign owners of money to make use of the *Chancen* offered by this higher rate of interest, and to discourage internal borrowing.

II. In countries with a restricted metallic currency, or a paper currency:

1. a discount policy as in I.2, to limit undue credit expansion; besides that,
2. a gold **premium** policy—a means often employed in gold standard areas with a restricted subsidiary silver currency;
3. a policy of planned **purchases** of gold, and the planned influence of the “exchange rate” through one’s own purchase and sale of foreign exchange.

Policy that is initially purely “monetary” can, however, turn into material economic **regulation**.

Note-issuing banks occupy a position of great power among those banks extending **credit**, since the latter are in many cases reliant on the credit extended by the former. The note-issuing banks can use this influence to bring about organised regulation of the “money market,” that is, the conditions for the extension of short-term credit. On this basis, they can further promote the deliberate regulation of business credit, and so influence the direction of the production of goods. This is the closest approximation so far to a “planned economy” within the framework of a capitalist economy. This therefore represents a formally voluntaristic, **substantive** ordering of economic activity within the area controlled by the relevant political organisation.

This kind of measure was typical in the period before the war and was used in the context of a monetary policy that **primarily** sought to “**shore up**,” and hence stabilise, the currency. If, however, change was wanted (in countries with a restricted or paper currency), then mostly this change involved a gradual rise in the foreign exchange value of currency, and so was oriented to the fixed-value regimes of the largest trading areas. But there were strong interests that sought to reverse the policy, seeking a monetary policy that

1. **lowered** the international exchange rate of the domestic currency, so as to favour exporters, and which,
2. by increasing the issue of money by freely coining silver in addition to gold (which should have meant **instead of** gold), and even in some cases by deliberately issuing paper money, bringing about a fall in the relation of money to domestic goods and so raising the (nominal) money price of domestic goods, which is the same thing. The objective here was to improve the profitability of those manufactured goods since the increase in their price, denominated in the nominal domestic currency, would probably be the most **immediate** consequence of the increase in the domestic money supply, and so of its fall in price in terms of the exchange rate. The intended process is called “**inflation**.”¹⁰³

Now on the one hand,

1. the significance of this is not entirely undisputed, but it is very probable that any form of monetary regime in which there is a **very** marked cheapening and increase in the production of precious metals (or where such metal has

¹⁰³ Knut Borchardt points out (MWG I/23, p. 410n8) that the concept “inflation” was minted during the American Civil War, but was first used in Germany during the World War I to mean a politically motivated increase in the money supply rather than a general rise in prices that was itself seen as the effect of inflation, not its characteristic form. This was discussed in Franz Eulenburg, “Inflation. (Zur Theorie der Kriegswirtschaft. II),” *Archiv für Sozialwissenschaft und Sozialpolitik*, Bd. 45 H. 3 (1919): 477–526.

been seized as booty) will be characterised by a noticeable **tendency** towards a rise in prices, at least for some products, perhaps to a different degree for all, in those areas using precious metal as a currency. On the other hand, it is an undoubted **fact**

2. that monetary administrations in areas with an independent paper money [currency] will in times of great financial hardship (especially in time of war) as a rule orient their issue of money solely to the financial needs of waging war. It is likewise clear that in such times, countries with a fixed currency regime or with restricted metallic money not only suspend the redemption of their paper circulating medium—which does not necessarily lead to a lasting shift in the currency—but also, by following a purely financial wartime policy of issuing paper money, adopt a purely paper currency. Here metallic money becomes subsidiary, since its premium in relation to the nominal paper money is ignored and can only be valorised for nonmonetary purposes, so it disappears from circulation. Finally, it is plain that where there is such a transition to a pure paper currency and unlimited issue of paper money, there is colossal inflation, with all its consequences.

Comparing all of these processes and events (1. and 2.), it is apparent that:

A. So long as there is a free commercial metallic money, the possibility of “inflation” is very limited:

1. “mechanically,” simply by virtue of the fact that the quantity of the precious metal used for monetary purposes has a degree of elasticity, but is ultimately strictly **limited**;
2. economically, normally by the fact that the creation of money is effected only on the initiative of private **interested parties**, so that any interest in minting coin is oriented to the need to make payments in a **market-oriented** economy.

3. Inflation is then **only** possible through the transformation of former metallic restricted currency (e.g., today, silver coin in a country on the gold standard) into a free commercial money, but here generally only if production of the restricted metal becomes much cheaper and is increased.
4. Inflation with a **circulating medium** is **only** conceivable as a long-term gradual expansion of circulation through the extension of credit, which offers some elasticity, but ultimately this is strictly limited by the regard an issuing bank has for its solvency. Here an acute risk (*Chance*) of inflation arises **only** if the bank is in danger of becoming insolvent, and so once again, normally occurs when a paper currency is issued under wartime conditions.

Special cases, such as the “inflation” occurring in Sweden triggered by war-time exports, are so particular that they can be neglected here.

B. Once an independent **paper currency** exists, the prospect is perhaps not so much one of inflation—for during wartime nearly all countries adopt a paper currency—but that instead the **developing consequences** of inflation become noticeably greater. The pressure of financial difficulties and, together with other costs, the demands for increased wages and salaries resulting from inflationary price increases, promote very tangibly the tendency of the financial administration to propel inflation onwards even **without** any very compelling cause and despite its capacity to avoid such difficulties through severe measures. The difference is certainly only a quantitative one, but nonetheless perceptible—as has been evident for the Entente Powers, Germany, Austria, and Russia.

Hence, monetary (lytric) policy **can** therefore, and especially where there is a supplementary restricted metallic currency or a paper currency, be a **policy of inflation**.¹⁰⁴ This has long been the case during quite **normal** times in countries, like America, that have very little

¹⁰⁴ Here a qualification made by Weber based on an obscure distinction made by Knapp is ignored. See MWG I/23, p. 413n17.

engagement with international exchange rates, without there being any kind of financial motive. And by force of circumstance, it has today **remained** the case after the war in not a few of those countries that allowed themselves to succumb to inflation in the means of payment used in wartime. A **theory** of inflation will not be developed here. The term is instead always used to denote a special way of creating purchasing power by specific interested parties. I seek only to establish that, while it would seem **easier** to rationally plan and develop the **substantive** management of monetary policy with administrative money, and primarily paper money, at the same time this very easily (from the standpoint of exchange rate stabilisation) comes to serve irrational interests.

For **formal** commercial rationality of monetary policy, and hence of the monetary system, could in terms of the foregoing mean only: the suppression of those interests that are either (1) not **market**-oriented, as with financial interests; or (2) uninterested in the most feasible preservation of stable exchange-rate relationships as the optimal basis for **rational** calculation. Instead, they are interested in augmenting the “purchasing power” of certain interested parties by means of inflation, maintaining it **without** any financial pressure. Whether this latter procedure is something to be welcomed or condemned is, of course, a question that cannot be answered empirically, but its empirical existence is clear. Moreover, a perspective oriented to **material** social ideals might well be critical of the fact that the creation of money and other circulating media in a commercial economy is in the hands of those who are only interested in “profitability” and not in the question of the “proper” level of the quantity of money and the “appropriate” form of money. They would argue quite rightly that only **administrative** money can be controlled, **not** commercial money. Thus, the use of administrative money, which can be produced as any amount and type of paper money, is **precisely** the specific means of creating money in a **substantively** rational manner. This line of argument is convincing from a formal and logical standpoint, although it has limitations arising from the fact that it is the “interests” of individuals, not the “ideas” of economic administration, that will rule the world in the future, as they do today. Hence, this demonstrates the existence of a conflict between the **formal** (in the sense used here) and **substantive** rationality theoretically open to any

monetary authority free of obligation to maintain the free minting of coins—which was the sole purpose of the foregoing discussion.

Quite obviously, this entire analysis engages with G. F. Knapp's magnificent book, *Die Staatliche Theorie des Geldes* (first edition 1905, since when a second edition has been published). It is, however, confined here **only** to the issues raised in the framework presented here and conducted in very summary fashion, entirely leaving aside the finer points. The book **immediately** became the focus for disputes over **values**, something that was not Knapp's intention but to which he might have in part contributed. For this reason, it found an especially warm reception from the Austrian monetary administration.¹⁰⁵ Events have not shown Knapp's **theory** to be "wrong" on any point; instead they have demonstrated what was already plain: that its treatment of the **substantive** validity of money is incomplete. The following will provide rather more detail on this.

Digression on the State Theory of Money

Knapp succeeds brilliantly in demonstrating that in every case, state monetary policy and that of agencies regulated by the state has, in seeking to adopt a gold standard or something very close to it, been primarily driven by a country's regard for the rate at which its currency exchanges with that of other countries, and particularly that of **England**. The object has been to maintain "parity of coin" with the largest world trading area and the most dominant intermediary in world trade—England. To this end, Germany first demonetised silver; then France, Switzerland and the other countries of the Latin Union, Holland, and ultimately, India transformed what had been a freely circulating silver currency into a restricted currency and made additional indirect arrangements for rendering foreign payments in gold. Austria and Russia did the same, the monetary authorities for these areas using unredeemable paper money that could function as currency so that payments could quickly be made abroad in gold as and when they fell due. They were therefore entirely concerned with establishing the most **stable** foreign exchange rate. It is

¹⁰⁵ Here "monetary administration" is a translation for *papierplatischen lytrischen Verwaltung*, whose precise sense remains obscure. See MWG I/23, p. 415n20.

for this reason that Knapp maintains that this is the sole significance of the question of a currency's material base and of monetary policy. He draws the conclusion that this objective would be served **equally** well by other indirect measures securing the adequacy of gold reserves (such as the use of paper money) as it would by direct measures (e.g., Austria and Russia). Other things being equal, this is not **necessarily** literally true for those areas in which coins circulate freely. For so long as there is no reciprocal prohibition on the export of coin between two similar currency areas, whether gold standard or silver standard countries, this circumstance does undoubtedly **ease** quite considerably the maintenance of exchange rate stability. But even so far as that it is true—and under normal circumstances, it is generally true—this does not yet mean that in choosing between metallic money (today, chiefly gold and silver) and paper money (we leave here to one side the special cases of bimetallism and restricted money discussed earlier) as monetary material, that these are the **sole** issues which **could** be raised. This would mean that in other respects paper currency functioned in a **similar way** to metallic money. Even from a formal viewpoint, the difference is significant: paper money is **always** “administrative money,” something that **may** be true of metallic money, but not **necessarily**. Paper money cannot, of course, be minted. The difference between a “devalued” assignat and silver that, following some future demonetisation, becomes a purely industrial raw material is not equal to zero (something that Knapp does occasionally admit).¹⁰⁶ Paper was and is today (1920), like precious metal, by no means a good that is freely available in any quantity. But the difference between (1) the objective possibility of production, and (2) the **cost** of such production in proportion to any likely **demand** is nonetheless colossal, given that monetary metals are so dependent on the existence of mineral deposits. This difference justifies the proposition that a monetary administration **could**, before the war, at **any time** and under normal conditions, produce any amount of paper administrative money if it so wished—compared even with copper money (China), certainly with silver, and entirely so with gold. And at relatively insignificant “cost,” **especially** where denominated in **purely nominal** amounts with no particular relationship to the amount of paper used. This **was** clearly possible with **metallic** money only in

¹⁰⁶ Borchardt points out (MWG I/23, p. 417n28) that not only can no such admission by Knapp be found, Weber later contradicts himself on this point, and confirms that Knapp had made no such statement.

the case of small coin, and so **not in the remotest way** comparable in extent and significance—certainly not for a currency metal, where the quantity was elastic, but really an amount “infinitely” more **fixed and secure than could be possible with the manufacture of paper money**. And so, this create limits. Certainly, if monetary administration was exclusively oriented to the objective of maintaining the greatest possible stability in the foreign exchange rate, there **then** were fixed **normative** limits, even if there were no “technical” limits—an objection that Knapp would definitely make. He would be right to do so, formally speaking, but only formally speaking. What happened with an independent paper money? Knapp would say that even there it was the same (e.g., Austria and Russia): “all” that was missing was the technical and “**mechanical**” limit given by a scarcity of precious metal. Was that meaningless? Knapp ignored the question. He would say that there is no known “cure” for the “death” of a monetary standard. Disregarding for the moment the current absolute obstacles to paper manufacture, it cannot be disputed that there were and **still are both** (1) the individual interests of the **political** administration managers, who even Knapp recognises to be the incumbent principals or commissioners of the monetary system; and (2) **private** interested parties. Neither is at all **primarily** interested in the maintenance of a fixed “exchange rate,” and they are sometimes on occasion even directly **opposed** to this. These interests can, either from within the political and monetary administration, or by exerting strong pressure on it, have an important influence on creating “inflation.” Knapp rigorously avoids using the term “inflation,” and for him this would only mean the issue of currency for ends **other than** those related to foreign exchange rates and “permissible” in these terms.

To begin with, there are financial temptations relating to inflation. A devaluation through inflation by an average of 1 / 20th of the German Mark in relation to the most important natural items of **domestic** property would, if profits and wages had become “adapted” to these price conditions, revalue all domestic consumer goods and labour by a factor of 20 (**we here assume**). For all those in this happy situation, this would mean a reduction in war debt to a level 1 / 20th of the original. For a state, however, this **rise** in nominal income would be reflected in correspondingly increased receipts from taxation, and so would be of great benefit to it. Wouldn't this be nice? That “someone” would pay the “costs” of this is clear, but it would not be the state, or either of the interested parties just noted. And how nice it would be to pay off old foreign debts in a medium any amount of which could be very cheaply produced!

Besides the prospect of political intervention, there is the problem that this policy would endanger **future** lines of credit, but the state often favours immediate rather than long-term solutions. And employers are also interested parties here, for whom a twentyfold inflationary rise in the selling price of their goods would be fine so long as their workers would settle for “only” a five- or tenfold increase of their (nominal) wages—something that is very possible, given their lack of bargaining power, because they do not fully grasp the situation, or for any other reason. This kind of **financially driven** acute inflation is something that economic experts abominate, and it is true that this kind of policy is not compatible with Knapp’s version of foreign exchange policy. By contrast, a **planned** and gradual increase of the circulating medium of the kind that central banks sometimes undertake is viewed positively, as something that “stimulates” a speculative spirit—a hope for profitable *Chancen*, entrepreneurial spirit, and hence the capitalist production of goods led by the promise of returns on capital investment, rather than the enjoyment of a rent from financial investment. But how does this all relate to the stability of foreign exchange? Its own effect—the “stimulation of entrepreneurial optimism” and all its consequences—could influence the so-called balance of payments by increasing the rate of exchange for one’s own currency, or indeed preventing its fall. How often? How strongly? That is another question. We do not here deal with the question of whether the effects of a **moderate**, financially driven increase in the currency would have a similar impact. This form of currency reserve expansion has no great impact on the exchange rate, and its “costs” are gradually absorbed by the same stratum that is substantively affected in times of acute inflation, when they suffer substantial “confiscation”: all those who are in receipt of an income that has remained nominally **static**, or who possess wealth in the form of **securities** with a nominal face value. This therefore means above all: those in receipt of a **fixed** income from investments, followed by the official in receipt of a “fixed” income that can only be increased by constant complaint, but also the worker on a “fixed” wage that can only be raised by sustained struggle. It is not therefore possible to interpret Knapp as maintaining that **only** the stability of the foreign exchange rate is of importance for a paper currency policy (and he does not claim this), nor should we consider it possible, as he does,¹⁰⁷ that there is a very high probability that it **will in fact be** decisive. It is

¹⁰⁷ Borchardt points out (MWG I / 23, p. 420n36), that Knapp expresses no such view in his book.

undeniable, however, that this would happen in a monetary policy conducted entirely according to **his** sense of rationality, where procedures related to the creation of money disturb price relationships as little as possible (although he does not express this directly). Nor can it be admitted—Knapp does not do so—that the practical **importance** of the form of currency policy is limited to a “fixed exchange rate.” We have talked here about “inflation” as a source of a revolution in prices, or of revolutions in prices, but also that it can be brought about by the **striving** for such changes in price. Inflationary episodes that **revolutionise** the price of paper money also of course tend to undermine a fixed exchange rate (although as we saw, increases in the volume of money that revolutionise prices do not necessarily do so). Knapp would concede this. He obviously, and rightly, assumes that there is no place in his theory for a currency **policy** determined by **commodity** prices, whether revolutionary, evolutionary, or conservative. Why not? Perhaps for the following formal reason: the exchange relationship between two or more countries is expressed on a daily basis by a very small number of (formally) unambiguous and standardised **stock market prices**, to which **it is possible** to orient monetary policy on a rational basis. It is further possible for a monetary authority, especially one administering the circulating medium, to estimate—but only to **estimate** on the basis of facts that are periodically solicited—what kinds of fluctuation in a given reserve of means of **payment** (held purely for the purposes of payment) might be “required” for the foreseeable future for a particular group of people involved in a commercial economy, assuming that conditions remain more or less the same. By contrast, it is not possible to calculate in the same way the possible **extent** of the impact of an inflationary or deflationary process; or conversely, what the impact of a withdrawal of money in a given future period would be. In considering inflation (which is all that we will deal with here), we need to know: (1) the current distribution of income; and related to that, (2) the current expectations of economically active individuals arising from that distribution; (3) the “course” taken by inflation—where newly issued money initially goes and where it **ends up**. This would in turn mean: the **sequence** and extent to which nominal incomes were increased by inflation. Then (4) the utilisation of the consequent demand for goods (consumption, investment in property and wealth, capital investment), and above all: its **form** (luxury goods, or means of production of all kinds). Finally, (5) the direction consequently taken by movements in prices, and so once again shifts in income distribution—together with countless further changes in “purchasing

power,” as well as the **extent** of any possible “stimulus” to the **increased** production of natural goods. All of these matters would be entirely determined by the future **expectations of individual economic agents** with respect to the **newly** created situation, which would recoil on the price **expectations** of other economic agents; there will follow a struggle between different interests whose outcome will be future “prices.” There can be no question of making any kind of “calculation” here of the following kind: 1 billion Marks additional note issue equals the current price of iron + x, the current price of grain + y and so on. The more so given that, while the prices of purely **domestic** products can be **temporarily** regulated, this can only determine price ceilings and not minimum prices, and it has a strictly limited impact. Seeking to determine “prices” (which is empirically impossible) would, moreover, be of no benefit, since this would only establish the quantity of money required as a pure means of **payment**. However, besides and **much** further beyond this, there would be a new and widespread demand for money for the production of **capital goods** in the form of **credit**. This would, however, involve the possible consequences of an intended inflation for which any reasonably definite “calculation” cannot be made. In sum then, and confining ourselves to these extremely rough comments, it is understandable that Knapp entirely disregards any prospect of employing an inflationary **price policy** in a **modern commercial** economy in a **planned** and **rational** manner that would be comparable to an “exchange rate policy” based on stability and calculability. But the existence of such policies is a historical fact. Inflation and deflation, in much more crude forms, have been repeatedly attempted with copper currency in **China’s** substantially more primitive monetary economy, with very serious failures. And in America, inflationary policy has been **recommended**. Knapp limits himself, in a book that works in terms of “demonstrably true” assumptions, to the principle that the state should be “careful” in issuing an independent paper money.¹⁰⁸ And since he entirely orients his discussion to a “fixed exchange rate,” this **appears** to be **reasonably** unequivocal: inflationary depreciation and the depreciation of an exchange rate do **usually** go together. They are not identities, however, and above all, every inflationary depreciation **is not** mainly caused by exchange rates. Knapp does not **expressly** concede,

¹⁰⁸ Borchardt points out in MWG I/23, p. 112n40, that no such explicit statement can be found in Knapp.

nor does he deny, that in fact there has been support for inflationary monetary administration oriented to **price policy** not **only** from silver mine owners during the free silver campaign but also from farmers who demanded greenbacks. It is very probably a comfort to him that this has not, however, ever worked **for any length of time**. But things are perhaps in any case not that simple. Whether or not they were **intended** to raise the price level, inflations have (in the sense used above) often actually **occurred**, and assignat-type catastrophes are not unknown either in East Asia or in Europe. A **substantive** theory of money does have to face up to this. Knapp would surely not claim that there is no relation **at all** between the “devaluation” of silver and the “devaluation” of assignats. Even formally, this is not the case: it was not silver as coin that was devalued, but by contrast, raw silver used for industrial purposes. Chartal silver coin, being restricted, often underwent revaluation. And the raw “paper” used for industrial purposes was **not** devalued, but (quite naturally) precisely chartal assignats. As Knapp would rightly say, their value would ultimately fall to zero, or to their value for collectors or as items in a museum, only when they were **repudiated** by the state exchequer, so that they are nonetheless determined by regulatory disposition “by the state.” That is true. But their **substantive** value (their price relationship to **any** goods) can long before have fallen to a tiny proportion of what it formerly was, despite their continuing nominal validity for making payments to the state.

But apart from these catastrophes, there have been enough historical examples of inflation and (in China) “sticky currencies” through nonmonetary use of currency metal. Here we might initially note that under some circumstances (but not always) particular money forms become “supplementary” when they had not been hitherto; they pile up in state exchequers and make “obstructional” changes to the currency necessary. Moreover, a **substantive** theory of money must in such cases **also**, of course, at least **pose** the question of how prices and incomes are influenced, and hence the economy, although it is questionable, for reasons already mentioned, how far this question could be answered **theoretically**. Similarly, a problem is suggested by the fact that as a result of the relative decline in the prices of either silver or gold each in terms of the other, France, which has been formally on a bimetallic standard, has in fact at times operated only a gold standard, and at other times a silver standard, in each case the other metal becoming “supplementary.” In this case, we do not wish **only** to suggest that these prices changes are market related, nor

do we wish to do so in other instances of changes in the monetary material. Instead, we want to ask in addition: Where there is an increase in the supply of precious metal, does this indicate the presence of booty from conquest (Cortez, Pizarro), or instead, enrichment through trade (China at the beginning of our era, and since the sixteenth century), or simply increased production? If the last of these is true, has production simply increased, or also (or only) become cheaper, and why? What changes in the nature of nonmonetary use have played a part here? Has there been in **this** particular economic area, such as the Mediterranean in antiquity, a **marked** development of export to very distant locations like China and India (as in the first century AD)? Or can the reasons be found only (or also) in a market-driven shift of **monetary** demand (the nature of small-scale transactions)? The way these and other various **possibilities** tend to work must be discussed.

Finally, we can consider once again the **commercial** regulation of the “demand” for “money,” and ask what this concept **means**. This much is clear: the current “demand” for means of payment from parties to market relationships determines the creation of “**free commercial money**” (free coinage). In addition, modern central bank policy with respect to the circulatory medium is determined by the current means of payment and, above all, the **demand for credit** from **market participants**, together with regard for their own solvency and the norms imposed to this end. Today, everything is primarily driven by interests—corresponding to the general character of our economic order. Only this, therefore, in **our** (formally legal) economic order can be properly **called** “demand for money.” This concept is also quite indifferent to “substantive” claims, such as the “**effective** demand” for “goods.” In a commercial economy, there is **one single** compelling restriction on monetary creation only in the case of money based on precious metals. As has been pointed out, the existence of **this** restriction determines the significance of precious metal for the monetary system. The restriction of standard money to a material **not** in practice capable of unlimited production at will, especially precious metal, **combined with** coverage of the circulating medium by this standard, does not entirely exclude the possibility of an (elastic, evolving) inflation in banknotes, but it nonetheless sets very **fixed** limits to it. Where monetary creation involves a comparatively and practically freely reproducible material like paper, this kind of mechanical limit does **not** exist. We then **really** do have the “free choice” of political authorities, which means the view taken by **members** of

the authority of its **financial** interests, or even (the Red hordes' use of the printing press!) the entirely personal interests of **administrative officials**, and so the **detachment** of any regulation of the quantity of money by these mechanical restraints. The significance of metallic currencies today is rooted in its elimination of these interests from any influence over the monetary system—or more accurately, since the state **can** be forced by these interests to give up metallic money and adopt a paper currency—by a particular **constraint** on these interests. In spite of the very mechanical character of its operation, a gold or silver metallic standard today implies a higher degree of formal commercial rationality because it is purely oriented to exchange *Chancen* (*Tauschchancen*). It is, of course, true that the financially led policy of monetary administration using a **purely** paper currency is not, as conceded above, necessarily **solely** oriented to the personal interests of the authority or of its administrative staff—Austria and Russia **have** demonstrated this—nor to temporary financial interests, and so to the cheapest possible production of as much means of **payment** as possible, whatever becomes of this as a means of **exchange**. But there can be no question that the *Chance* that this orientation will arise is ever present, something that is **ruled out** in **this** respect by any monetary system based on a material having a value in its own right. From the perspective of the **formal** order of a commercial economy, this *Chance* is the (likewise **formal**) “irrational” feature of any currency not based on a material having a value in its own right, however much it has to be conceded that it possesses through its “mechanical” connection only a **relatively** formal rationality. G. F. Knapp **could**, and should, concede this much.

For however incredibly primitive the **older** quantity theories were, nobody denies, not even Knapp, the certainty of a “risk of depreciation” in the event of any “inflation” of paper money conducted for purely **financial** purposes. The “consolation” he offers in such circumstances must be most vigorously rejected. The “amphitropic” stance “of all” individuals, that each individual is **equally** a debtor and a creditor, something that Knapp proposes in all seriousness as proof of an absolute indifference to any “depreciation,” is, as we all now know, a phantom. This is true not only for pensioners but also for those living on a fixed wage or salary, whose incomes remain **nominally** the same, or which in being perhaps doubled depends on the **financial** context and on the whim of administrative authority, while outgoings perhaps **nominally** increase twentyfold, as happens today. What happens to long-term creditors? The

effect of such radical alterations to the (substantive) worth of money today means that there is a **chronic** tendency to social revolution, in spite of the fact that many entrepreneurs are in a position to make profits on exchange rates, and that **some** (very few!) workers are in a position to secure for themselves increased wages. Some may hold this social revolutionary impact and the consequent massive upheaval of the commercial economy as something to be welcomed. That is “scientifically” irrefutable. Rightly or wrongly, anyone is free to anticipate that socialism will evolve in this way out of a “commercial economy.” Or some may conclude that only a **regulated** economy based on small firms is rational, disregarding, however, the many sacrifices this would entail. Nonetheless, science is neutral with respect to these claims, and its task is to **verify** these effects in as sober a manner as possible—and that is obscured by Knapp’s claim of “amphitrophy,” in all its false generality. Besides isolated errors, it seems to me that the material **incompleteness** of his theory has been stated in the foregoing—a lack of completeness that has made scholars into “principled” opponents, something that seems altogether unnecessary.

§37. Besides monetary organisation, the significance of the factual existence of independent **political organisations** for the economy mainly consists of the following circumstances:

1. That, other things being equal, in their **own** demand for utilities they tend to favour their own members as suppliers. The more the economy of these organisations is monopolistic in character, or assumes the form of household provisioning, the greater the significance of this, and this is currently ongoing.
2. In the possibility of subjecting foreign trade to planned, **substantive** supervision, promoting, restricting, or regulating such transactions (“trade policy”).
3. In the possibility and differences of formal and substantive economic regulation, both of degree and of kind, by these organisations.
4. In the repercussions of very great differences in the structure of rule, together with its related administrative

and status-related articulation, for the behaviour of influential strata and the consequent attitude towards acquisitive activity.

5. In the fact that there is **competition** in the **leadership** of these organisations for their own power and in providing means of consumption and acquisition for the organisational members that they control, and the consequent economic *Chancen* (*Erwerbschancen*) enjoyed by the latter.
6. In the way these political organisations provide for their own needs: see the following paragraphs.

§38. The relationship between the economy and organisations that have a primarily noneconomic orientation is most direct in the mode of **provision of utilities for the conduct of the organisation**: the activity of the administrative staff as such, and the activity that they **themselves** oversee (Chapter 1, §12) (this involves “finance” in the broadest sense, but also the provision of goods in kind).

Outlining the simplest types, the “financing” of organisational activity, the provision of **economic** utilities, can be ordered

I. intermittently, hence,

- a) on the basis of purely voluntary contributions, which can in turn be
 - α) based on patronage, involving large gifts and endowments;

this is typical for charitable, scientific, and other purposes that are **not** primarily economic or political;

- β) based on begging and solicitation—this is typical of particular kinds of ascetic communities.

But in India there are also profane beggar castes, and elsewhere, especially in China, organised bands of beggars.

This reliance on begging can be the subject of a local monopoly and, as a result of the development of a sense of obligation and merit on the part of those

solicited, this activity can cease to be intermittent and be transformed into something like a regular contribution.

- y) through formally voluntary gifts to those who count as politically or socially superior: gifts to chiefs, princes, patrons, masters, lords, all of which can acquire the character of levies or dues by becoming conventionalised. They are not usually purposively rational, but determined by occasion (e.g., special anniversaries, family events, political events).

The intermittent nature of such transfers can also

- b) arise from extortion.

Types here include the Camorra in southern Italy, the mafia in Sicily, and similar ritually separate castes of thieves and robbers in India; in China, there are sects and secret societies with similar forms of support. Contributions are only apparently intermittent because they are formally “extralegal,” but in practice they often assume the character of “subscriptions” in return for which particular services are supplied, such as guarantees of security. (About twenty years ago, a Neapolitan factory owner told me, responding to concern about the effect of the Camorra on business: “Signor, the Camorra takes x lira from me a month, but guarantees security; the state takes ten times as much and guarantees nothing.” The secret clubs typical of Africa, perhaps survivors of earlier “men’s houses,” function in a similar way, providing informal tribunals that guarantee security.)

Political organisations **can** be based (such as the Ligurian pirate state was) on pure booty, but not exclusively for any length of time.

Financing can be arranged

II. on a permanent basis,

A. without independent economic activity:

- a) through levies of **material** goods;

- α) on a purely money economy basis: acquisition of means through monetary contributions and provision of needed utilities by money purchases (a pure form of *Verbandswirtschaft* based on money). All salaries paid to administrative staff are paid in money.
- β) on a purely natural economy (see §12)—levies specified as **deliveries** of goods in kind (a pure *Natural-leistungsverbandswirtschaft*).¹⁰⁹ Possibilities here:
 - αα) the administrative staff is furnished with **benefits** in kind, and needs are met *in natura*. Or,
 - ββ) contributions levied in kind are changed into **money** in whole or part through sale, and needs are then met with money so far as is possible.

The contributions made, both in money and in kind, can in all cases be, as the most elementary economic types

- α) taxes, that is, contributions as a
 - αα) proportion of property or, in money, of wealth,
 - ββ) proportion of all receipts or, in money, of income,
 - γγ) only from the **possession** of means of production, or from going enterprises of a particular kind (so-called contributions on returns).

Or they can be

- β) fees, payments made for use or taking advantage of organisational facilities, possessions, or services made available. Or:
- γ) duties on:
 - αα) specific kinds of use and consumption,
 - ββ) particular kinds of transactions, primarily on:

¹⁰⁹ An example of how four ideas can be fitted into one word, meaning “an organisation whose economic needs are provided for by payments made in kind.”

1. the movements of goods transport (customs duties),
2. the turnover of goods (excise duties and sales taxes).

Furthermore, all charges can be

1. charged in-house, or
2. farmed or leased out, or
3. lent or **mortgaged**.

The leasing of a right to collect taxes for a fixed sum of **money** (tax farming) **can be** fiscally rational since it may be the only way **budgeting** can be effected.

Lending and mortgaging are usually fiscally irrational, brought about by

- α) the pressure of financial necessity, or
- β) usurpation on the part of the administrative staff,
resulting from the absence of reliable staff.

Sinecures involve the lasting **appropriation** of dues by state creditors, by private guarantors of military and tax payments, unpaid mercenaries and soldiers, and finally, those holding rights to official positions. They can take the form

1. of **individual** appropriation, or
2. collective appropriation (with the freedom of replacement from within the group that collectively appropriates).

Financing **without** independent economic activity (II.A) can also occur

- b) through the requirement of personal services: direct personal natural **services** specified in kind. Consistent financing can be secured, by contrast to the cases included in II.A as
- II.B, through independent economic **activity**;
- α) in a household (*oikos*, domain),
 - β) or through going enterprises

- αα) that are free, and so competing with other going concerns, and
- ββ) that are monopolistic.

Again, exploitation can be effected through a going concern, or by farming, leasing, and mortgaging. It can, finally, other than in both II.A and II.B, be arranged

II.C, “liturgically,” by levies related to **privileges**:

- α) positive privileges: through a freedom for specific groups of people from the obligation to make particular contributions, or (but probably identical to this)
- β) negative privileges: with the enhancement of burdens placed on particular groups of people, especially particular
 - αα) social ranks (*Stände*), or
 - ββ) classes of property owners—with particular payments—or:
- γ) correlatively, by connecting specific monopolies with the enhancement of specified payments or deliveries. This can take place:
 - αα) by social rank: through the forcible assignment of members to liturgical bodies organised by property or profession, endowing them with privileges appropriate to their rank;
 - ββ) capitalistically: through the creation of closed guilds or cartels with monopoly rights and the obligation to make monetary contributions.

On II:

This (very rough) casuistry relates to organisations **of all kinds**. Here it is elaborated only with respect to political organisations.

On A.a)α): No attempt can be made here to analyse even in a very preliminary way a modern state's taxation system. Dealing in kind is only possible for small organisations or where communications are very favourable (e.g., the Nile, or the Chinese Imperial or Great Canal). Otherwise, contributions

have to be commuted into money so that they can reach their ultimate recipient (this often happened in antiquity), or they could be transformed into objects with prices differentiated by distance transported (this was what is said to have happened in ancient China).

On A.b): Examples here are military service, court service, jury service, the maintenance of roads and bridges, drainage projects and mining, and all kinds of labour obligatory for members of organisations of all kinds. Typical here is the state based on compulsory labour: ancient Egypt (the New Kingdom), during some periods in China, and to a lesser extent, India, and to an even lesser extent, the Later Roman Empire and very many organisations in the early Middle Ages.

Types of **sinecure**: collectively in China for those awaiting appointment as officials; in India, for the private guarantee of military levies and taxation payments; in the later Caliphate and Mameluke regime, for unpaid mercenaries and soldiers; and everywhere, the sale of public offices to state creditors.

Examples for B.α): economic exploitation of domain land for a budget that is directly controlled and use of the labour service obligations of subjects to produce goods to meet the needs of the Court and for political objectives (Egypt); in the modern case, the manufacture of uniforms and munitions by state factories.

For B.β): for αα), only a few examples, such as maritime trade and so forth. For ββ), numerous examples from all historical eras, with a high point in the Occident from the sixteenth to the eighteenth centuries.

For C: for α), the exemption of the literate classes in China from feudal obligations, of privileged social ranks from *sordida munera*¹¹⁰ throughout the world, and in many countries the exemption of the educationally qualified from military service.

For β): on the one hand, the additional liturgical burdens of ancient democracy; on the other hand, groups not relieved of burdens in the examples listed under α).

For γ): the case αα) is the most important case for the systematic meeting of public needs on a basis other than that of the "tax state." China, as well as India and Egypt, hence the countries with the oldest bureaucracies (hydraulic societies), had a liturgical system based on contributions in kind, taken over

¹¹⁰ Dirty and unclean services in the Later Roman Empire.

in part from here by the Hellenistic states and the Later Roman Empire, although in these latter cases mostly commuted into **taxes** rather than payments in kind. This always involves the organisation of society by occupational rank. This **can** reemerge today if the tax state's provision for public needs fails and capitalist private provision for need has to be regulated by the state. Up until the present the financial difficulties of the modern way in which public needs are adequately met by case $\beta\beta$) has proved adequate, as commercial monopolies (*Erwerbsmonopole*) that are licensed and pay contributions (the most simple example: the compulsory supervision of Spanish explosives factories, with monopolistic protection against the creation of new firms in return for high levels of payments to the state exchequer). It is always tempting to organise the "socialisation" of individual branches of commercial enterprises in this way, starting with the coal industry: by making compulsory cartels or trusts fiscally useful by obliging them to pay taxes, so that the production of goods remains (formally) rational in its orientation to **prices**.

§39. The way **political** and hierocratic organisations provide for their needs has a very major impact on the structure of private economic activity. Rational, market-oriented capitalism is given optimal *Chancen* by the **state based on contributions made in money** in sole charge of raising contributions (and **only** in sole charge here), and also if natural **personal** services are employed only for political and legal purposes. The combination of a state where contributions are made in money but collected through **tax farming** favours a politically oriented capitalism but not a market-oriented commercial economy. Granting leases and **sinecures** related to the raising of taxes normally limits capitalist development by creating vested interests in the **existing** sources of fees and contributions, and hence promotes the stereotyping of the economy and its resort to traditionalism.

An organisation based purely on **provisioning** in kind does not promote capitalism and obstructs its development through a commitment to rigid and commercially irrational decisions about production.

An organisation purely based on **services** in kind obstructs market-oriented capitalism by sequestering labour and inhibiting the development of a free labour **market**, while it limits the *Chancen* for the development of politically oriented capitalism by blocking the typical *Chancen* for its emergence.

Monopolistic commercial economic finance, the commutation of contributions in kind, and liturgical obligations imposed on property all have in common a failure to promote an **autonomous** market-oriented capitalism. They instead suppress the prospect of commercial market *Chancen* by fiscal measures that are, from the viewpoint of market relations, irrational: [here there is] a bestowal of privileges and creation of irrational market *Chancen* for the acquisition of money. Instead, to some extent they favour a politically oriented capitalism.

A viable commercial enterprise with fixed capital and precise capital accounting formally presupposes above all the **calculability** of taxes and duties. Substantively, it presupposes a structure within which no particular impediments are placed in the way of the **valorisation of capital**, which means primarily market **turnover**. By contrast, speculative trading capitalism can coexist with any form of public provision for need that does not, through tying it to liturgical obligations, directly inhibit the commercial valorisation of goods as commodities.

However important the nature of public obligations might be, they do not determine the **precise** developmental path taken by the orientation of economic activity. Despite the apparent absence of any typical restraints of this kind, for long periods and across large areas a rational (market-oriented) capitalism did **not** develop, while it has on the other hand established itself elsewhere, in spite of what were apparently substantial obstacles in the form of public obligations. Besides the substantive content of economic **policy**, which can often be strongly oriented to noneconomic objectives, and besides developments in science and technology, ethical and religious convictions have played a very substantial role in **limiting**

locally autonomous capitalist development. It should also not be forgotten that business and enterprise forms have to be “invented” in the same way as technical products. This depends solely on the historical existence of circumstances that either “negatively” hinder such lines of thinking or “positively” **promote** them, and not simply on a compelling causal relationship, any more than on **strictly** individual events of any kind.

1. On the final sentence: even individual, purely **natural** events can only be precisely linked to individual causal components under very special conditions; in **this** there is in principle **no** difference from behavioural events.

2. With respect to the entire paragraph:

Here we can only outline provisionally the fundamentally important inter-relationships between political organisations’ order and administration on the one hand, and the economy on the other.

1. The most important historical example of the obstruction of market-oriented capitalist development by channelling public contributions towards the holders of **sinecures** is [found in] China; or what can amount to much the same, where rights to public contributions are conferred on private individuals, as in the Near East since the Caliphate (I will discuss this in the appropriate place).¹¹¹ The **farming out** of rights to public contributions occurs in India, the Near East, the Occident in antiquity, and the Middle Ages; it had an especial influence on the orientation of capitalist activity in occidental antiquity (the Roman Equestrian Order), whereas in India and the Near East it had a greater influence on (landed) property formation.

2. The most important historical case of **all** involving the obstruction of capitalist development through the **liturgical** provision for need is that of later antiquity, perhaps also India in the post-Buddhist era, and periodically in China. This will also be dealt with in the appropriate place.¹¹²

3. The most important historical case of the monopolistic diversion of capitalism is the early modern concession of princely monopolies, following the model of Hellenistic and Ptolemaic predecessors (this was initiated

¹¹¹ Any draft that Weber might have made for such discussion has not survived.

¹¹² As in note 27.

by certain measures adopted by Frederick II in Sicily, perhaps following a Byzantine model; the most important struggle for its termination was in Stuart England). Further discussion of this [will be offered] in the proper place.¹¹³

All of this discussion, in this abstract form, is **only** broached so that we might be able to post problems in a reasonably proper fashion. But before we return to developmental stages and the conditions for economic development,¹¹⁴ we need to first deal with the purely sociological discussion of the noneconomic components of such development.

§40. The economy has furthermore quite general sociological significance for the **creation of organisations** where the managers and staff have to be **remunerated**, as is usually the case. As a result, there is an overwhelmingly strong **economic** interest in the continued existence of the organisation, even if its perhaps mainly ideological foundations have in the meantime faded into obscurity.

It happens every day that, even though organisations of all kinds might have become “meaningless” for those participating in it, they nonetheless continue to exist because an “executive secretary” or other officials “live off the organisation” and would lack any form of material support without it.

Every Chance that is appropriated, but also in some circumstances one that has not been formally appropriated, **can** have the effect of stereotyping¹¹⁵ existing forms of a social system. Within the domain of *Chancen* for peaceful economic gain from the provision of everyday goods, it is in general only the *Chancen* to gain from **commercial enterprises** that are autonomous, rational, and **revolutionary** forces. And even for these, not always.

For example, bankers’ interest in maintaining their commissions long hindered the endorsements of securities and financial instruments. We will often

¹¹³ As in note 27.

¹¹⁴ As in note 27.

¹¹⁵ In the sense of creating a fixed meaning.

encounter similar examples of how obstructive formally rational institutions can also be because of an interest in capitalist gain, even if we encounter this much less frequently than irrational obstructions whose origins lie in prebendial status, social rank, or economic factors.

§41. All economic activity in a commercial society is undertaken and conducted by **individual** economic agents to meet **their own** ideal or material interests. This remains true even where such activity is oriented to the orders of economically active, economic, or regulatory **organisations**—something that is, quite remarkably, often overlooked.

This would, in principle, be no different in a socialistically organised economy. **Decisions** would of course be in the hands of organisational managers, while those working in the sphere of the **production** of goods would be limited to purely “technical” tasks and “work” in the sense outlined above in §15. This would be true so long as these managers ruled in a “**dictatorial**,” autocratic manner, proceeding without consulting others. Any right of participation in decision making would, even if only formal, **immediately** lead to the prospect of an open conflict of interests over the style of management, but that would immediately spill over into the question of the level of reserves. But this is not the decisive point. The decisive point is that the individual would then initially ask whether the bonuses and work assigned to **him** seemed, compared with those of others, to reflect his own interests. His behaviour would be organised accordingly: there might be violent power struggles over changes to the maintenance of the bonuses that had been agreed on (e.g., bonuses for especially heavy work); over the appropriation or expropriation of particular jobs that had been sought because of additional pay or especially favourable working conditions; over work stoppages (strikes or lockouts); over slowdowns in production with the aim of forcing changes to working conditions in particular industries; over boycotts and the forcible removal of unpopular managers—in short, a struggle over

appropriation procedures of all kinds and interests would then become quite normal. That they would be fought out within organisations and that those employed in the most essential services and the physically strongest would enjoy an advantage would simply reflect the existing situation. Behind all systems would stand this interest of the **individual**, probably organised together with others of a similar kind, but in any case organised against the antagonistic interests of **many** individuals. The constellations of interests and the means by which interests were taken up might change, but this factor would remain the same as before. As certain as it is that an economic system exists oriented in a purely ideological manner to the interests of **others**, it is also just as certain that the broad mass of people do not behave in this way, and from all experience cannot, and will not, do so.

In a fully socialised, “planned” economy, there would only be space for

- a) the distribution of goods in kind according to a **plan** for allocation according to need;
- b) the production of these natural goods according to a production **plan**. The category of money “income” would necessarily be absent. The rationing of **receipts** would be possible.

In a commercial economy, the striving for an **income** is the inevitable ultimate spring of all economic systems. For any particular allocation involving goods or utilities that are not immediately available to the economic agent prompts an orientation to the acquisition and control over future income, and virtually all existing control of goods and utilities presumes the existence of an earlier income. All profits from commercial enterprise transform themselves at **some** stage in **some** form into the economic agent’s income. In a regulated economy, the prime aim of regulatory provisions is usually the distribution of income. (In an economy based on exchanges in kind, the terminology employed

here relates not to “income” but to **receipts** of goods and services in kind, and these cannot be calculated in a unitary means of exchange.)

Income and receipts may, considered sociologically, assume the following **principal** forms, and flow from the following typical **principal** sources:

A. Incomes and receipts from work performed (related to specified or specialised kinds of work):

I. Wages:

1. freely contracted fixed incomes and receipts from wages (calculated according to the **periods** worked);
2. incomes and receipts paid according to fixed scale (salaries, the remuneration of officials);
3. the yields employees receive from contracts for piecework;
4. completely free labour contracts.

II. Profits:

1. profits from free exchange transactions involving the production of goods or labour services;
2. regulated profits from exchange transactions of the same kind.

In these cases (II.1 and II.2), “costs” are deducted to give the “net yield.”

3. profits from booty;
4. gains from rights involving the exercise of rule, from offices, bribery, tax farming, and similar gains made from the fact of power.

Costs are deducted in cases 3 and 4 where there are **continued and lasting** business gains of this kind, otherwise not always.

B. Income and receipts from property ownership (connected to valorisation of a power of disposition over important means of production).

- I. Normally, “pure rents” after the deduction of costs:
 1. rents from rights of possession over people (slaves, serfs, or freedmen), paid in kind or in money, either fixed or as shares after the deduction of maintenance costs;
 2. appropriated rents associated with those who rule (deducting administrative costs), likewise;
 3. rent of land (sharecropping, for a fixed period, in kind or in money, receipts from landownership—deducting land tax and maintenance costs), likewise;
 4. rent on houses (deducting maintenance costs), likewise;
 5. rents from appropriated monopolies (exclusive privileges, patents, less fees), likewise;
- II. normally without deduction:
 6. property income (see §11 above relating to the commitment of the use of “property” in return for the payment of so-called interest to households or commercial undertakings);
 7. payments for the use of domestic animals, likewise;
 8. “interest” on loans in kind and contracted allowances in kind,
 9. “interest” on money lent,
 10. rental payments from mortgages, in money,
 11. rental payments on securities, in money and either
 - a) fixed (so-called interest payments)
 - b) variable according to yield on profits (typical for this, so-called dividends).
 12. Other shares in profits (see A.II.1):
 1. shares in exceptional profits and from gains made on rational speculation,
 2. rationally assigned shares in the long-term profits of enterprises of all kinds.

All “profits” and the “rental payments” on securities are either not contracted in advance or only with respect to the income from their purchase price or piece rates. Fixed interest and wages, leases

of land, and household rents are contracted in advance. Gains from rule, property in human beings, landownership, and booty are forcibly appropriated incomes or receipts. The income from property can be divorced from any occupation if the person drawing the income allows others to administer the property for gain. Wages, salaries, and profits of labour and of entrepreneurs are occupational incomes; the other kinds of rents and profits can be either one or the other (there is no intention here of entering into a systematic examination of this).

Of all types of income, it is particularly those from entrepreneurial **profit** (A.II.1), and the **returns** from contracted or free labour (A.I.3 and 4) that have an eminent **dynamism** that is of revolutionary significance for economic life. Next to these stand gains from free exchange, and in another way in some circumstances, gains from booty (A.II.3).

Incomes fixed according to a scale of payments are preeminently **static** and economically conservative—these are salaries, wages paid according to time worked, gains acquired through the exploitation of official positions, and (normally) all forms of rent.

In an exchange economy, the **economic** source of **income** is, in the great majority of cases, the exchange constellations occurring in the market for labour and goods; hence, it is ultimately determined by consumers' valuations and is related to the more or less strong natural or statutory monopolistic position of parties to exchange and acquisition.

The economic source of **incomes** (in a natural economy) is the regular monopolistic appropriation of *Chancen* for the valorisation of property or services in return for remuneration.

Behind all these incomes lies only the **possibility** of the forcible protection of appropriated *Chancen* (see above in this chapter, §1.2). Booty and those forms of gain related to it are the return on the **direct and immediate** use of force. All casuistry must initially be excluded from this very rough sketch.

Despite our many differences in individual views, I regard Robert Liefmann's passages on "incomes" to be among the most valuable. Here I will not go any further into the **economic** problem. The way that the social order provides a context for economic dynamics is something to which discussion will continually return.

OVERVIEW OF CHAPTER THREE

CHAPTER 3 IS COMPOSED of twenty-five paragraphs (there also being §§12a, b, and c). In contrast to the emphasis on action and rationality in Chapters 1 and 2, this chapter presents a typology of rule. As defined in Chapter 1, social action is condensed in organisations; in turn, organisations have need of rulership to function, as in the opening definition here: “**Rulership** is the chance that specific (or all) commands will be met with obedience on the part of a specifiable group of persons.” The likelihood that commands will be complied with relates to the degree of legitimacy ascribed to them. Just as the state is described as the monopoly of legitimate physical force at the end of Chapter 1, so legitimacy is the glue that keeps organisations functioning, ensuring the adherence of administrators to the organisation and its hierarchy, and the effectiveness of their actions with respect to their constituents.

Having established these opening points, Weber then distinguishes three types of legitimate rule: the validity of legitimacy being established legally and so rationally; traditionally; and charismatically. Given that organisations are “organised” through the interaction of rulers / leaders and their staffs, this tripartite schema gives us what is otherwise known as Weber’s theory of bureaucracy—how the rules governing the regularity of rule are executed. Legal rule implies bureaucratic authority pure and simple, since the staff are bound by rules governing their conduct—this is the modern form of administration, as Weber says. Bureaucratic order is therefore characteristic of modernity; following on from the previous chapter, it is a characteristic of a modern capitalist order whose degree of rationality is determined by the extent to which actions and decisions are calculable.

Bureaucracy is thus for Weber inherent in all modern organisations: the existence of rules, the imposition of objectives, and the demarcation of

impersonal authority add up to routines of social management for the realisation of organisational purposes. Bureaucratic order is not for Weber a matter of cultural critique; the only alternatives to bureaucratic rule are traditional or charismatic rule, neither of which can be regarded as a “specifically modern” form of administration. This is lent emphasis in §4, which describes the work of a qualified bureaucratic administrative staff as the purest form of legal rule, with the most rational form of qualification for any appointment being by formal examination.

Here again in Chapter 3, the strict differentiation between definition and exposition typical of Chapter 1 quickly fades. §5 on the discipline, regularity, and impersonality of bureaucratic rule is over twelve hundred words without any exposition, followed by §6 on traditional rule that is one third the length, but likewise without exposition. This is important, for associated with the inflation of the definitions is a growing tendency to create lists of variations; the focus is less on a cumulative conceptual structure (as in Chapter 1), and more on the mechanics of classification. Indeed, we could in general say that the four chapters begin from the construction of a conceptual architecture, then move increasingly to the elaboration of this architecture in ever-more ramified lists—until by the time we arrive at the fragment of Chapter 4, this is nothing more than several lists.

All the same, the distinctions that Weber makes are valuable ones. The treatment of traditional rule in §§6–9 catechises the structure of rulership for ancient slave-based societies, European feudal societies, and for imperial China. A distinction is made between patriarchal rule (gerontocracy), patrimonial rule based on personal power, and the devolution of rule to status groups. These are coupled with arrangements for the maintenance of an administration from different sources, either in kind or through the allocation of rights of taxation. “Traditional” rule covers a wide range of organisational forms, distinct, however, from legal or bureaucratic rule by the absence of formal rules for recruitment and conduct, and for the creation of an administrative hierarchy.

Charismatic rule is distinguished from legal and traditional rule by the fact that legitimacy is secured neither by formal rules nor established tradition, but by a belief in the special powers of the ruler. Instead of a loyal household, or a formal bureaucracy, the charismatic ruler has “followers” who execute the ruler’s will. Whereas legal and traditional rule have powerful forces for stabilisa-

tion, charismatic rule is inherently unstable—not because of its arbitrary nature, but because of the process of routinisation of charisma—in Weber’s terms, charisma over time becomes an “everyday” matter, and hence devoid of charisma, which sets up an inherent tension. The discussion of the consequences of this extends over the subparts of §12, leading into a discussion of feudal rule and becoming more historically descriptive. §14 moves towards more contemporary forms relating to the party in the modern state, and the phenomenon of “plebiscitary democracy.”

At §15, Weber concludes his review of the range of phenomena that can be incorporated into his tripartite classification of rule and turns to its more general features, beginning with the displacement of personal rule by collegial rule, and the differentiation of powers held by different parts of the administration. Rather than distinguish between forms of political rule, Weber considers now how the dynamics of administration—the solidarity of officials, the division of powers, representation, leadership—affect different kinds of rule. This then leads into a consideration of political parties at §18, “direct democracy” at §20, and the position of leaders who by virtue of their independent means are able to live “for” politics instead of “from” it. This final major section of the chapter covers issues of representation, drawing on arguments that Weber had rehearsed during the later years of the war regarding the future prospects for German politics.

As with Chapter 2, in the course of its development there is in this chapter a sudden shift that remains unresolved. Chapter 3 changes direction when Weber moves at §15 from considering the dynamics of rule from the perspective of his tripartite distinction organised around forms of legitimation to more generic problems of modern political structures—of party structures, finance, popular support, and leadership. The value of this lies, however, in its provision of a basic framework for conceptualising modern politics; the functioning of party machines in representative democracies; and the consequences of resort to more direct, plebiscitary media of rule.

Types of Rule

1. The Validity of Legitimacy

§1. As defined above (Chapter 1, §16), **rulership** is the chance that specific (or all) commands will be met with obedience on the part of a specifiable group of persons. It is not therefore each and every kind of chance of exercising “power” and “influence” over other people. In this sense, in the individual instance rulership (“authority”) can also rely on the most varied motives for conformity: from dull habituation to purely purposively rational considerations. Present in every genuine relationship of rule is a specific minimum of **willingness** to obey, hence an (outward or inner) **interest** in obedience.

Not every instance of rule makes use of economic means. **Much** less is it true that all rule has economic ends. But all rule over any number of men and women usually has need of a **staff**, if not absolutely always (see Chapter 1, §12, on administrative staff): there is a (normally) reliable chance that a predictably obedient group of men and women exists whose **action** is **dedicated** to the execution of general directions and substantive commands. This staff’s obedience to ruler or rulers can be based entirely on custom and practice, or entirely on affect, or on material interests, or on ideal, value-rational motives. The nature of these motives to a great extent determines the type of rule. **Purely** material and purposively rational motives for solidarity between ruler and administrative staff here as elsewhere imply relative instability for the latter. There are quite usually other motives as well, such as those

related to affect or value-rationality. These can become quite critical in extraordinary circumstances. This relationship, like others, is rooted on a daily basis in **custom and practice**, together with **material**, purposively rational interest. However, neither custom and practice, nor interests, nor the solidarity fostered by purely affectual or value-rational motives, could provide a reliable basis for rule. Normally, there is a further element: belief in **legitimacy**.

All experience shows that no rulers will voluntarily rely merely on material, affectual, or value-rational motives for their *Chancen* of survival. Instead, they all seek to arouse and foster belief in their “legitimacy.” Besides the **nature** of the legitimacy so claimed, there are fundamental differences in the type of obedience, the nature of the administrative staff whose work it is to assure such obedience, and the character of rule itself. Also important are the associated differences in impact. It is therefore convenient to distinguish forms of rule according to the typical **claim of legitimacy** that they make. In so doing, it is easiest to begin with modern, familiar relationships.

1. The choice of this and not some other point of departure in making such distinctions can be justified only by its result. No especial problem is presented by the fact that in so doing, the significance of **some** other characteristic is underemphasised, to be then dealt with at a later point. Because of the way that the “legitimacy” of rule has very particular relationships to the legitimacy of **property**, it is in no respect only “ideal” in nature.

2. Not every conventionally or legally secured “claim” will be considered here a relationship involving rulership. If this were true, then the worker would, with regard to his claim to a wage, exercise “rule” over his or her employer since a court officer could, on behalf of the former, require the latter to present themselves in court. In fact, the worker is formally a partner in exchange with an employer with a “right” to receive payments. All the same, the concept of a relationship between ruler and ruled should not, of course, preclude **its foundation** in a formally free contract: hence, the way that the terms and conditions of employment provide for rule by the employer, and the way the feudal

lord exercised rule over the serf who voluntarily entered the state of serfdom. That obedience to military discipline is formally “involuntary,” while that of the workplace is formally “voluntary,” does not change the fact that subordination to workplace discipline also implies submission to **rule**. Appointment as an official is also assumed by contract and, once appointed, an official can also be dismissed; even the relationship of “subject” can be voluntarily assumed and, to some extent, dissolved. Absolute lack of voluntary involvement is found only with slavery. Of course, on the other hand economic “power” secured by the enjoyment of a monopoly—in this case, the prospect of “dictating” terms of exchange to economic partners—has in itself as little to do with “rule” as it might have with “influence” arising from any kind of advantage, whether erotic, athletic, or in discussion. If a large bank is in a position to impose a standard-setting cartel on other banks, this should not be called “rule” so long as there is no kind of related obedience involved. This would mean that orders made by that bank’s managers make a claim to obedience and have the chance of being observed, execution of such orders also being subject to supervision. Of course, here as everywhere else there are marginal cases. For example, there are all kinds of intermediate stages between indebtedness and debt slavery. Even the stance of a “salon” can imply something very like authoritarian power without at the same time being necessarily a form of “rule.” In reality, it is often not possible to make such **precise** distinctions, but in these cases precise **concepts** are all the more important.

3. Of course, the “legitimacy” of rule can only be viewed as the *Chance* of being regarded with a relevant degree of respect, and in practice being so treated. It is far from the case that all compliance with rule is primarily, or even always, oriented to this belief. Compliance can be feigned by an individual or by an entire group purely opportunistically, can be practised out of purely material self-interest, or simply accepted as unavoidable out of individual weakness and helplessness. None of this is decisive for the classification of rule. What is important is that the **form of its own claim** to legitimacy is “valid” to a relevant degree, supporting its existence and defining the kind of means of rule selected. It can also happen, and in practice it frequently does, that there is such an obvious community of interest between a ruler and the **administrative staff** (bodyguards, praetorian guards, “Red” or “White” guards) with respect to a defenceless people that all claim to “legitimacy” can be disregarded. All the same, the nature of the legitimating relationship between ruler

and administrative staff can vary greatly, depending on the manner in which authority has been founded, and to a great extent this is decisive for the structure of rule, as will become apparent.

4. "Obedience" shall mean: that obedient people mostly conduct themselves as if they, purely for their own sake, have made the substance of the command their own behavioural maxim, and this **only** because of the formal relationship of obedience, without regard to their own view regarding the command's value, or lack of it.

5. Purely psychologically, the causal linkage can appear to vary, and in particular involve "dedication" or "empathy." However, here this distinction is not of any use in seeking to typify rule.

6. The breadth of the influence that rulership exerts over social relationships and cultural phenomena is much greater than it at first sight appears. One example is the kind of **rule** that is exercised in school, which shapes what is treated as orthodox ways of speaking and writing. The dialects that function as the official languages of politically autonomous organisations, hence the languages of their rulers, become orthodox ways of speaking and writing, and have led to "national" separations (e.g., of Holland from Germany). In shaping youth, and therefore humanity in general, the rule of parents and school reaches well beyond an influence over (apparently) formal cultural goods.

7. That the director and administrative staff of an organisation can adopt the stance of being the "servants" of those over whom they rule of course says nothing at all about the respective character of "rulership." The **material** circumstances of so-called democracy will be dealt with separately later.¹

§2. There are three **pure** types of legitimate rule. The validity of their legitimacy can be secured primarily

1. in a **rational** manner: a belief in the legality of statutory orders and the right of those appointed to exercise rule to give directions (legal rule); or

¹ Thorough treatment of this was probably planned for later sections on the sociology of the state, on which Weber was lecturing on his death. See MWG III/7, *Allgemeine Staatslehre und Politik* (*Staatssoziologie*).

2. in a **traditional** manner: an everyday belief in the sanctity of long-established traditions and the legitimacy of those whose authority derives from these traditions (traditional rule); or finally,
3. in a **charismatic** manner: the exceptional sanctity or heroic qualities or exemplary character of a person, and of the orders that this person proclaims or creates (charismatic rule).

Where rule is statutory, the legally formulated substantive **impersonal order** and the **persons thereby appointed to exercise authority** by this order are obeyed by virtue of the formal legality of its ordinances and the domain over which they have force. In the case of traditional rule, obedience is owed by virtue of piety and familiarity with the **person** of the ruler appointed by tradition (and bound by it). In the case of charismatic rule, the charismatic **leader** acquires this role by virtue of personal trust in revelation, heroism, or exemplary qualities within the domain where belief in such charisma prevails.

1. The utility of this classification can only be judged by its success in furthering systematic analysis. The concept of “charisma” (“gift of grace”) is taken from ancient Christian terminology. Rudolf Sohm’s *Kirchenrecht* was the first to clarify its meaning for Christian religious organisation, even though he did not use the same terminology; others, such as Holl in *Enthusiasmus und Bußgewalt*, made clear some important consequences.

2. That none of these three ideal types discussed below has ever appeared in a historically “pure” form should no more prevent conceptual identification in as pure a form as possible than it does elsewhere. In §11.ff., I discuss the modification of pure charisma through routinisation, and in so doing increase appreciably its connection to empirical forms of rule. But it is also true that any empirical historical form of rule is rarely simple and straightforward. And a sociological typology provides empirical historical study with an advantage that should not be underestimated: in a particular individual form of rule, it can identify in what way this is “charismatic,” “hereditary charisma”

(§§10, 11), “the charisma of office,” “patriarchal” (§7), “bureaucratic” (§4), related to “social rank,” or is **similar to** such types; in so doing, it works with precisely defined concepts. The following is far removed from any belief that a historical reality can be entirely “captured” in the following conceptual schema.

2. Legal Rule with a Bureaucratic Administrative Staff

Preliminary remark: The following deliberately begins with a specifically **modern** form of administration, so that subsequently other forms can be compared with it.

§3. Legal rule relies on the validity of the following interconnected ideas:

1. that any legal norm can be established by agreement to or imposition of rationally oriented **statutes**—purposively rationally, or value rationally, or both—with a claim to observance at least by members of the organisation; it can also be regularly observed by persons who become involved in social relationships or social action considered relevant to the organisation, and which are within the powers of the organisation, or for territorial organisations, within their territory.
2. that every body of law is in essence a cosmos of abstract **rules** that have normally been established intentionally; that the administration of the law is the application of these rules to individual cases; that administration is the rational maintenance of interests anticipated by organisational orders within the bounds of legal rules; and finally, that this occurs according to general specifiable principles that can be confirmed in organisational orders, or that are at least not contravened by them.
3. that therefore the typical legal ruler, the “principal,” in making orders and issuing commands adheres to the impersonal order to which his instructions are oriented.

This is also true of a legal ruler who is **not** an “official,” such as an elected state president.

4. that as it is usually expressed, the person who obeys does so as a **member** of the organisation, and is obedient only “to the law.”

This can be as a member of an association, commune, or church, or in a state, as a **citizen**.

5. in conformity with 3., the idea prevails that members of the organisation in obeying the ruler are obedient not to his or her person, but to impersonal orders, and so they owe this obedience only within this established, rationally bounded substantive **competence**.

The basic categories of rational rule are therefore

1. the continuing rule-governed conduct of official functions within
2. a sphere of competence that covers
 - a) a substantive separation of duties based on a division of labour
 - b) with assignation of the required powers of command and
 - c) with definite demarcation of the means of compulsion probably required, and the conditions for their use.

An operation ordered in this manner will be called a “**public authority**” (*Behörde*).

There are “authorities” in this sense in large private enterprises, parties, and armies in exactly the same way as in “state” and “church.” An elected state president is also an “authority” according to **this** terminology (or a minister’s council or elected “popular representatives”). For the moment, these categories are not of central interest. Not every authority has powers of command in the same **sense**, but this differentiation is of no importance here.

There is then also the question of

3. the principle of **administrative hierarchy** (*Amtshierarchie*), the ordering of permanent supervisory instances for each public authority having right of appeal or of registering grievances made by subordinates with respect to their superiors. There are, however, different ways of determining whether and when the instance with which the grievance was registered itself has the power to replace an instruction requiring change, or whether this is delegated to the subordinate office about whom the complaint was first made.
4. the “rules” of procedure, which can be
 - a) technical rules, or
 - b) norms.

In both cases, their application makes **specialist training** necessary for complete rationality. Hence, participation in an organisation’s administrative staff is normally open only to those who can certify that they have received specialist training and have become qualified; only such a person is capable of appointment as an **official**. The typical administrative staff of rational organisations is composed of officials, whether these be political, hierocratic, economic (especially capitalist), or any other kind of organisations.

5. Rationally, there is a principle of complete separation of the administrative staff from the means of administration and production. The officials, clerks, and workers belonging to the administrative staff do not personally own the material means of administration and production; these are supplied to them either in kind or in money, and they are held accountable for them. Here there is a principle of a complete separation of official or enterprise property or capital from private (household) property, and the workplace, the office, is separated from the home.
6. Where there is complete rationality, there is no appropriation of the official position to its incumbent. Where a

“right” to a “post” has been created (as has happened, e.g., with judges, and these days for an increasing proportion of officials and even workers), this normally does not have as its purpose the appropriation of the post to the official; instead, [the intention is] to secure the purely substantive and “independent” character of the work done in that post such that it is bound by norms.

7. The principle that all administrative work is done **in writing** is maintained, even when oral discussion is the actual rule, or even a requirement, at least for preliminary discussion and submissions, and the final decisions. Dispositions and instructions are made **in writing**. **Together**, paperwork and the continuing conduct of business by **officials** create the **office** as the focal point of the action taken by any modern organisation.
8. Legal rule can assume many different forms, as will be discussed later.² To begin with, the following presents a quite deliberate ideal-typical analysis of only the purest ruling structure of the administrative staff: “officialdom,” or the “bureaucracy.”

That the typical kind of **director** is left to one side is explained by circumstances that will become entirely clear later. The **formal** nature of the leadership of very important types of rule can be found in other types (hereditary and charismatic—hereditary monarchy; charismatic—the president chosen by plebiscite; others again are **substantively** rational in some important respects, but occupy a position lying between bureaucracy and charisma [cabinet government]; others again are directed by the [charismatic or bureaucratic] director of other organisations [parties]—ministries whose leadership is assumed by representatives of a particular party). As a type, the rational and legal administrative staff can be applied universally,

² This is probably a reference to a future section of his *Staatssoziologie* that was never drafted.

and the **type** is **what counts** in everyday life; for on an **everyday** basis, rule is primarily **administration**.

§4. The purest type of legal rule is that effected through a **bureaucratic administrative staff**. Only the organisation's director holds his position of rule either by virtue of appropriation, election, or having been designated as successor. But even the terms of his authority are also legal "competences." In the purest type, the totality of the administrative **staff** is composed of **individual officials** (monocracy, in contrast to "collegiality," which will be discussed later). These officials

1. are personally free and observe only **substantive** official obligations,
2. are placed in a fixed official **hierarchy**,
3. have defined official **competences**,
4. are appointed by contract, hence in principle on the basis of free selection, and
5. possess a **specialised qualification**—in the most rational case, qualified through examination and certified as such—and are **appointed** rather than **elected**,
6. are remunerated in **money** by fixed salaries, for the most part with a right to a pension; are liable to dismissal by a superior in some circumstances (particularly in private business); always have the right to resign; [receive a] salary that is graded mainly according to position in the hierarchy, as well as the degree of responsibility associated with the post, and additionally according to the principle that payment should be appropriate to social rank (Chapter 4),
7. treat the official appointment as their sole or principal **occupation**,
8. see themselves as having a career, being promoted according to age or performance, or both, depending on their superiors' judgement,
9. work in complete "separation from administrative means" and without any personal right to the post occupied,

10. are subordinate to rigorous and uniform official **discipline** and supervision.

This order is, in principle, applicable to enterprises pursuing commercial, charitable, or any other kind of private ideals or material aims, is equally applicable to political or hierocratic organisations, and can also be demonstrated to have existed historically (with a greater or lesser coincidence with the pure type).

1. For example, the bureaucracy is, in principle, the same whether one considers private clinics, endowed hospitals, or hospitals maintained by religious orders. It can also be seen in the modern administrative role of the Catholic priesthood, which has expropriated practically all church livings that had formerly been privately appropriated. It is also evident in the conception of the universal episcopacy, which is thought to formally constitute a universal legal competence in religious matters. Likewise, the doctrine of papal infallibility is thought of as in fact involving a universal competence, but only one that functions “*ex cathedra*” in the domain of the **office**, thus implying the typical distinction between the domain of the office and that of the private affairs of the incumbent.³ It is just the same in the capitalist enterprise, the larger it is, the more so, and no less true of the **political party** as an enterprise (which will be discussed separately),⁴ nor of the modern bureaucratic **army**, led by military **officials** of a special kind called “officers.”

2. Bureaucratic rule prevails in its purest form where the principle of **nomination** of officials is adhered to. There is no such thing as a **hierarchy** of elected officials in the same way that there is one of nominated officials; the former approach makes it very difficult to approach even very approximately the disciplinary rigour of the latter. In that case, the subordinate can insist on selection just as much as the superior, and his *Chancen* do not depend on a **superior's** judgement (on elected officials, see §14 below).

³ For a modern reader, these remarks on the evolution of religious bureaucracy are extremely cryptic in the original, and I have here generally adopted Parsons's useful gloss, rather than seek a closer, and consequently obscure, translation.

⁴ There is no subsequent discussion of party organisation.

3. Appointment by contract, presuming free selection, is the **essence** of **modern** bureaucracy. Where **unfree** officials (slaves or dependants) are placed in a hierarchy with material competences—in a formally bureaucratic manner—we will talk in terms of a “patrimonial bureaucracy.”

4. In a bureaucracy, the role of specialist qualification is constantly increasing. Even party and trade union officials need **specialist** knowledge that is acquired empirically. The fact that a modern “minister” and a “state president” are the only “officials” requiring **no** specialist qualifications only goes to prove that they are officials only in a **formal** and not in a **material** sense; just like the “general director” of a large private limited company. The position of the “capitalist entrepreneur” is as completely appropriated as that of a “monarch.” At the **top** of bureaucratic rule, there is therefore unavoidably an element that is at least not **purely** bureaucratic. It is only a category of rule by virtue of a special **administrative staff**.

5. A fixed salary is **normal**. (We shall call sources of income that are privately appropriate “benefices”; for this concept, see §7). They are also normally paid in money; this is not at all central to the concept, but it most purely corresponds to the type. (Payments in kind have some similarities to benefices. A benefice is normally the **appropriation** of *Chancen* for earnings and positions.) Appropriation through leasing offices, the sale of offices, or by mortgaging offices belong to a different kind of pure bureaucracy (§7.1).

6. “Offices” that are held on a part-time basis or that are entirely “honorary” belong to categories that will be discussed later (§14 below). The typical “bureaucratic” official is a full-time official.

7. The separation of administrative means is common to both public and private bureaucracies (e.g., in large capitalist firms).

8. **Collegial** “authorities” are dealt with separately below (§15). They are retreating rapidly in the face of actually, and usually formally, monocratic direction (e.g., Prussian collegial “governments” have long given way to monocratic governmental **presidents**). Of crucial importance here is an interest in rapid and clear decisions, free from any need to compromise between different opinions and also free of changing majorities.

9. Modern officers are one category of appointed officials distinguished by their possession of a particular social rank, which will be discussed in the

following chapter.⁵ This is in stark contrast to elected military officers, charismatic condottieri (§10), mercenaries who lead units functioning like capitalist enterprises, and officers who have bought their commissions. Patrimonial “retainers” separated from the means of administration and the capitalist **proprietor** of a mercenary army are, just like the private capitalist entrepreneur, forerunners of the modern bureaucracy. These will be dealt with in detail at a later point.⁶

§5. Purely bureaucratic administration—monocratic, documented administration—is the **most formally rational** way of exercising rule. Experience has demonstrated that it provides precision, consistency, discipline, rigour, reliability, and hence predictability, for rulers as well as other interested parties. It is the intensity and scope of work done, its formally universal applicability to all tasks, and its very high degree of **technical** perfection that render it so rational. The development of modern organisational forms in **all** areas—the state, the church, the army, political parties, economic enterprise, interest groups, associations, charitable foundations, and so on—is quite simply identical to the development and continuing expansion of **bureaucratic** administration: its emergence is, for example, the nucleus of the modern occidental state. All **continuing work** is done by **officials** in **offices**. One must not allow oneself to be diverted from this fact by all the apparent counterexamples: the collegial representation of interests, parliamentary committees, “red dictatorships,” honorary officials, lay judges, and the rest (especially harping on about the “evils of bureaucracy”). Our entire everyday life is harnessed to this framework. For if bureaucratic administration is, other things being equal, **everywhere** the most formally and technically rational [system], then it is today quite simply inescapable for the needs

⁵ There is no subsequent discussion of this point.

⁶ Although there is some discussion of this in MWG I/22-4, pp. 198–200, this is of course an earlier draft, even though it was printed as pp. 664–65 in the 1922 edition.

of personal and material **mass** administration. There is only a choice between “bureaucratisation” and the “dilettantisation” of administration, and the principal medium that lends bureaucratic administration its advantage is **specialised knowledge**, rendered entirely indispensable by modern technology and the economics of the production of goods. Assuming that the **same** technical performance is sought, it makes no difference at all whether this is organised on a capitalist or on a socialist basis—except that the latter demands a massive **increase** in the importance of a specialised bureaucracy. In the same way that those subjected to existing bureaucratic rule can usually only defend themselves by creating an equally bureaucratic counterorganisation, the bureaucratic apparatus itself has compelling and purely material (ideal) interests in its own perpetuation. A society in which officials, employees, and workers are **separated** from the means of administration, and where **discipline** and **training** are crucial to the existence of all except those peasants and farmers who are still in possession of the means of subsistence and provision, would simply cease to exist without it. It usually continues to function when there is violent revolution or occupation by an enemy in much the same way that it did for the previous legal government. The question is always: **who controls** the existing bureaucratic apparatus? And such control is only possible to a very limited degree for anyone who is **not** an expert: the expert privy councillor usually has in the long run the advantage of his minister in doing what he wants. The need for constant, firm, intensive, and **calculable** administration was created historically by capitalism—not **entirely** by capitalism, but undeniably primarily—and cannot exist without it. Any **rational** socialist system would simply have to adopt it and intensify it, and this determines the fateful inevitability of bureaucracy as the nucleus of **any** mass movement. It is only **small-scale** enterprise (political, hierocratic, social, economic) that can succeed in more or less successfully evading it. Capitalism in its current developmental stage **further**s bureaucracy, even though they have both grown out of very different **historical**

roots, and bureaucracy provides the most rational economic foundation on which capitalism can exist in its most rational form, because bureaucracy is also capable of providing it with the necessary funds.

Besides fiscal conditions, bureaucratic administration **chiefly** faces constraints in communication and transport. Its precision makes necessary railways, telegraphs, and telephones, and it is increasingly dependent on them. A socialist order could change nothing here. The question would instead be (see Chapter 2, §12) whether it was in a **position** to create similar conditions for a **rational** bureaucratic administration, which in this case would mean a solid administration with even more formal **rules** than a capitalist order. If this were not so, this would imply another major irrationality: a conflict of formal and substantive rationality of the kind that sociology so often faces.

Bureaucratic administration means rule through **knowledge**: this is its specific basic rational character. Besides the enormous power it gains through **expert** knowledge, bureaucracy (or the ruler who makes use of it) has a tendency to increase its power even further through the **knowledge that it gathers in its activities**: factual knowledge gathered from the documents in which it deals. The concept of “official secret” might not be unique to bureaucracy—it has roughly the same relation to specialised knowledge as commercial secrets do to technical knowledge—but it is quite specific to it, and comes from this search for power.

Often the only person with specialised knowledge and familiarity with the conditions in **his own** sphere of interests **superior** to that of a bureaucracy is the private businessman—the capitalist entrepreneur. He is the **only** agent that is really (or at least relatively) **immune** to the inescapable force of bureaucratic rule through knowledge. Everyone else has become inevitably entangled in mass organisations of bureaucratic rule, in exactly the same way that the mass production of goods is dominated by precision machine tools.

Socially, bureaucratic rule generally implies

1. the tendency to **levelling**, so that recruitment may be consistently made from among the most highly qualified specialists;
2. the tendency towards **plutocratisation**, in the interest of the longest possible **specialised training** (often lasting today into one's later twenties);
3. the rule of formal **impersonality**: *sine ira et studio*, or "without hatred or passion," and so without "love" and "enthusiasm"; impersonality impelled by concepts of simple **obligation**. The ideal official fulfils his office "without regard to person": "everyone" is treated with formal equality, that is, everyone who finds themselves in the same **actual** situation with regard to interest.

Just as bureaucratisation **creates** a levelling in social rank, a tendency that is normal and demonstrably historical, so in reverse, all social levelling promotes bureaucratisation by eliminating rule by **social rank** through the appropriation of means of administration and administrative powers in the interest of "equality," as well as **dispossessing** those holding office on an "honorary" or "part-time" basis. Everywhere bureaucratisation is the inescapable shadow of the advance of "mass democracy"—this will be treated in more detail elsewhere.⁷

Generally speaking, the normal "spirit" of rational bureaucracy is

1. formalism, which is furthered by all parties interested in securing personal life *Chancen*, of whatever kind, since the alternative would lead to sheer caprice, and formalism is the line of least resistance. Apparently, and in part genuinely contradicting the tendency **for this** kind of interest is
2. officials' inclination to conduct their administrative tasks in a **materially** utilitarian manner in the interests of the welfare of those subjects over whom they rule. However,

⁷ As in the previous note, a draft for such discussion can be found in MWG I/22-4, pp. 201f., corresponding to pp. 666–67 in the 1922 edition.

this substantive utilitarianism tends to be expressed in the furthering⁸ of corresponding **regulations** that are again formal, and treated formally in the bulk of cases (more discussion of this in the sociology of law).⁹ This tendency to **substantive** rationality finds support on the part of all those subjects who are **not** included in those strata identified in 1. who are interested in “securing” *Chancen* that are already **possessed**. The issues arising from this belong in the theory of “democracy.”

3. Traditional Rule

§6. Rule will be called **traditional** if its legitimacy is based on, and believed in, by virtue of the sanctity of long-established orders and ruling powers that have existed “time out of mind.” The ruler (or rulers) are determined by traditionally established regulation. They are obeyed by virtue of the dignity attributed to them by tradition. The ruling organisation is in the simplest case an organisation based on a **reverence** cultivated through a life lived in common. The ruler is not a “superior,” but a personal **ruler**; his administrative staff is not primarily formed of “officials,” but of personal “**retainers**”; the ruled are not “members” of the organisation, but either (1) “traditional associates” (*Genossen*) (§7), or (2) “subjects.” The administrative staff’s relationship to the ruler is not one of institutional duty, but of personal fidelity.

Obedience is not to statutes, but to the **person** appointed by tradition or by a traditionally determined ruler, and this person’s commands are legitimate in two respects:

⁸ *Forderung* (claim, demand) in the 1922 edition and in MWG I/23, p. 467, but this makes more sense as a misprint of *Förderung* (furthering, advancing, promoting).

⁹ While there is a draft for this (MWG I/22-3, pp. 275f., 280–82, corresponding to pp. 387ff. in the 1922 edition), the chief significance of this remark is that Weber intended to develop a revised version of that draft, but never did so.

- a) in part, very much by virtue of the traditional **content** of dispositions made and the meaning and extent attributed to them; any infringement of the traditional limits to the legitimacy thereby created could be very dangerous for the ruler's own traditional position;
- b) in part by virtue of the ruler's freedom of decision conferred on him by **tradition**.

This traditional freedom of decision mainly derives from the reverential basis of obedience, and is in principle unlimited.

There is therefore a duality governing the ruler's action:

- a) on the one hand, bound substantively to tradition;
- b) on the other, substantively free of tradition.

Within the latter, the ruler is free to grant or withhold clemency on the basis of personal preference and distaste, bestowing "favour" quite arbitrarily, especially in return for gifts that become a source of regular "income." Insofar as he follows any principle, these are principles of **material** ethical equity, justice, or utilitarian expediency and not, as in the case of legal rule, formal principles. The **actual** exercise of rule is governed by what the ruler and his administration can **usually** allow themselves in their dealing with traditionally deferential subjects without provoking them to resistance. If such resistance occurs, it is directed to the **person** of the ruler (or of his servant) who has disregarded the traditional limits to power and not against the system as such ("traditionalist revolution").

In the pure type of traditional rule, it is not possible for laws or administrative principles to be deliberately "created" by statute. Whatever is in fact newly created has to be legitimated as something that has always existed, but which has only **become known** through the "wisdom" of the legislator. Only traditional documents establishing "precedence and prejudice" can be employed in the orientation of legal administration.

§7. The ruler rules either (1) **without** or (2) **with** an administrative staff. For the first case, see §7a.1 below.

The typical administrative staff can be **recruited**

- a) traditionally, through bonds of reverence associated with the ruler, “patrimonially” from among
 - α) kinsmen,
 - β) slaves,
 - γ) domestic officials,
 - δ) clients,
 - ε) coloni, or
 - ζ) freed slaves
- b) “nonpatrimonially” from among
 - α) persons owing personal loyalty (“favourites” of all kinds) or
 - β) those owing fealty (vassals), or finally
 - γ) **officials** who have of their own free will entered a position of personal loyalty.

On a)α), in traditionalistic rule it is very common to find the administrative principle that the most important positions are filled by members of the ruling family or clan.

On a)β), slaves, and a)ζ), freed slaves, can often be found in the highest positions in patrimonial administrations (in earlier times, it was not unusual for slaves to become grand viziers).

On a)γ), typical domestic officials can be found throughout Europe: seneschal, head groom, chamberlain, steward, and majordomo (superintendent of the servants and probably also of vassals). Especially important in the Orient is the head eunuch who is in charge of the harem; in African kingdoms, it was often the executioner, often everywhere the personal physician, an astrologer, and similar functionaries.

On a)δ), in China as in Egypt, the chief source of patrimonial officials was the king’s clientele.

On a)ε), there were coloni armies throughout the Orient, but this was also a feature of the period in which the Roman nobility ruled (slave armies were still a feature of the modern Islamic Orient).

On b)α), the employment of “favourites” is characteristic of every patrimonial system and often the cause of “traditionalist revolutions”) (see the end of this section).¹⁰

On b)β), “vassals” will be dealt with separately.¹¹

On b)γ), “bureaucracy” first **developed** in patrimonial states, as a body of officials with extrapatrimonial recruitment. But these officials were, as will shortly be mentioned, initially **personal** servants of the ruler.

Under traditional rule, the pure type of administrative staff lacked:

- a) definite “competence” according to objective regulations,
- b) a fixed rational hierarchy,
- c) regular appointment with a free contract and rule-governed promotion,
- d) specialist training (as a norm),
- e) (often) a fixed salary, and even more often, payment in money.

On a), in place of a definite substantive competence there is often a shifting series of tasks and powers commissioned by the ruler’s momentary and arbitrary decisions. These can become permanent, are often stereotyped traditionally, and are especially marked by competition for sources of income and advantage that are at the disposal of the persons acting on behalf of the ruler as well as the ruler himself. It is often through such interests that substantive responsibilities and so the existence of an “authority” is first constituted.

All those with permanent responsibilities are first and foremost domestic officials of the ruler. Those responsibilities that are **not** directly associated with household affairs (“extrapatrimonial”) are often in fields of activities that resemble their household functions

¹⁰ This idea is not elaborated any further in Chapter 3.

¹¹ There is a subsequent discussion in §12.b.

or that originate in a completely arbitrary act of the ruler and only subsequently stereotyped. Besides domestic officials, there were **for the most part** only those who were recruited on an ad hoc basis for particular commissions.

The absence of a concept of “competence” can easily be seen by reviewing a list of the terms used for ancient Oriental officials. With very few exceptions, it is impossible to determine rationally delimited substantive spheres of activity that are **permanently** assigned in terms of our concept of “competence.”

The delimitation of real permanent competences through competition for and compromise over interests seeking favours and revenue was especially apparent during the Middle Ages. This had an especially profound influence. The financial interest in fees on the part of powerful English royal courts and of the legal profession were largely responsible for limiting, if not breaking, the influence of Roman and Canon law. The irrational demarcation of many official competences in all eras have frequently become stereotyped by the existence of an established set of rights to fees and related perquisites.

On b): determining who should decide a matter or can deal with a grievance, whether this should be handled by the ruler himself or can be delegated, and to whom it might be delegated are effected either

- α) traditionally, settled on occasion by taking account of the provenance of particular adopted external legal norms or precedents (a higher court system); or
- β) entirely at the discretion of the ruler to whom, wherever he presents himself in person, everyone else defers.

Besides the traditional system of superior courts, there is in Germanic law the principle that derives from the ruler's power: that in the presence of the ruler himself, all jurisdiction ceases. This principle has the same source as *jus evocandi*, which itself stems from the ruler's arbitrary clemency and whose

modern version is that of “cabinet justice,” or the ruler’s direct interference in the process of law. In the Middle Ages, a superior court was often the authority that declared and interpreted the law, and so was the source on which local law was established.

On c), domestic officials and favourites were often recruited on a purely patrimonial basis from among slaves or dependants of the ruler. Or, if they were recruited extrapatrimonially, they tended to be the holders of benefices whom he transferred at his own (formally free) discretion. This only changed substantially with the emergence of free vassals and the conferral of offices by *fief*, but since the nature and scope of the fealty was not defined substantively, this made no differences to points a) or b). Promotion was entirely a matter of the ruler’s caprice and grace, unless the administrative staff had a prebendal structure (see §8).

On d), more or less all domestic officials and favourites of the ruler lack rational specialised training. Everywhere, the initiation of specialist training for those appointed (of whatever kind) marks a new era in the form of administration.

For some offices, a degree of empirical education became necessary very early on, especially the ability to read and write, which was originally thought to be a very rare “art.” This often—here China is the most important example—had a decisive impact on cultural development through the manner in which the literati conducted themselves, **eliminating** the *intra-patrimonial* recruitment of officials, and so also **limiting** the ruler’s power by making him dependent on members of a particular social rank (see no. 3).

On e), domestic officials and favourites are for the most part fed at the ruler’s table and looked after by his exchequer. As a rule, separation from the ruler’s table is compensated with **benefices** initially allocated in kind, their nature and extent becoming easily stereotyped. Besides that (or instead of that), fees are often due to those commissioned by the ruler to work outside the household, as well as to the ruler himself (sometimes according to no set tariff, being assessed on a case-by-case basis with those seeking favours).

On the concept of “benefice,” see below.

§7a. 1. The primary types of traditional rule are those where there is an **absence** of a **personal administrative staff** for the ruler:

- a) gerontocracy, and
- b) primary patriarchalism.

Gerontocracy is the condition in which, to the extent that rule is exercised **at all** in the organisation, it is done by the elders (originally in a literal sense, the most senior in years). They are considered to have the best knowledge of sanctified tradition. This often involves organisations that are **not** based primarily on economy or kinship. Patriarchalism is the condition in which rule is exercised within a (domestic) organisation, usually primarily based on economy or kinship, by a person determined by strict rules of heredity. It is not unusual for gerontocracy and patriarchalism to exist alongside each other. Decisive here is that the power of the gerontocrats and patriarchs is in the pure type oriented to the conception of those who are ruled over (*Genossen*). While the exercise of rule is the traditional prerogative of the ruler, this must be **substantively** exercised in the **interest** of members: it is an element of *Genossenrecht*, and not freely appropriated to the incumbent. The **complete** absence of a purely **personal** (“patrimonial”) administrative staff for the ruler is in **these** types definitive: the ruler remains, for the most part, dependent on the members’ **wish** to obey him, since he has no “staff.” For this reason, the members remain *Genossen*, and not yet subjects (*Untertanen*). Nonetheless, they are *Genossen* by virtue of **tradition**, and not “members” by virtue of statute. They owe obedience to the **ruler**, not to statutory **regulations**, but to the ruler only **according to** tradition. For his part, the ruler is **rigorously** bound by tradition.

More is offered on the forms of gerontocracy below. Primary patriarchy is related to it insofar as rule extends only so far as the household; otherwise, as with Arab sheikhs, it only has an exemplary character, charisma by example, or through counsel and influence.

2. With the development of the ruler's purely personal (and military) administrative staff, all traditional rule tends towards **patri-monialism** and power is maximised towards **sultanism**.

Genossen now for the first time become "subjects" (*Untertanen*), and the ruler acquires a personal prerogative to rule instead of ruling by virtue of *Genossenrecht*, a prerogative appropriated to him personally like any other kind of possession, in principle capable of valorisation (of sale, of use as security, divisible through inheritance), as is the case for any other economic *Chance*. The external support of patrimonial powers is found in slaves who are often branded as such, in coloni or impressed subjects, or, to ensure a community of interest opposed to that of the ruler's subjects, in mercenary bodyguards and armies (patrimonial army). Through these powers, the ruler extends the scope of grace and favour—of arbitrary rule free of tradition—at the cost of the traditional dependence associated with patriarchy and gerontocracy. **Patrimonial** rule is every form of rule that is traditionally oriented but whose exercise is characterised by a fully personal **sultanistic** rule with a form of administration that is despotic and unrestricted by tradition. The distinction is **quite** fluid. Patrimonial rule and sultanism are both distinguished from **primary** patriarchalism by the existence of a personal **administrative staff**.

Sometimes the sultanic form of patrimonialism appears to be entirely bound by tradition, but it actually never really is. The form is, however, not **objectively** rationalised, for only the spheres of despotism and of grace are developed to extremes. This is what distinguishes it from any form of rational rule.

3. *Ständische Herrschaft*, or "**hierarchical rule**,"¹² is that form of patrimonial rule in which economic *Chancen* linked to ruling

¹² See TSEO p. 347 n. 27: Parsons rightly points to the difficulties of translating this terminology of *Stand*, sometimes in English rendered as "estate," by Parsons himself in chapter 4 as "status group" (p. 428). See the entry *Stand*, *Stände* in the Translation Appendix.

powers are **appropriated** to the **administrative staff** of particular lords. As in all similar cases (see Chapter 2, §19), such appropriation can be

- a) to an organisation or a category of persons with particular shared characteristics, or
- b) to an individual, either for life, or heritable, or as free property.

Hierarchical rule therefore entails

- a) a constant restriction of the ruler's unimpeded power to select his administrative staff, by appropriation of posts or ruling powers
 - α) to an organisation,
 - β) to a stratum that is qualified by social rank (Chapter 4), or
- b) this often also involves, and here this will be treated as the leading "type,"
 - α) the appropriation of posts, thus in all likelihood, those economic *Chancen* (*Erwerbschancen*) associated with incumbency, and
 - β) the appropriation of material **means of administration**,
 - γ) the appropriation of powers of command,

all to **individual** members of the administrative staff.

Those who are appropriated in this way can be drawn **historically** from (1) a previously **nonhierarchical** administrative staff, or (2) **never** belonged to such a staff before appropriation.

Where ruling powers are appropriated, **administrative costs are covered** from the hierarchical incumbent's own means, which are not distinguishable from his personal property. The holders of military ruling powers or members of an army formed by members of different social ranks **equip themselves**, and quite probably also recruit military units on a patrimonial or hierarchical basis. It is also possible that means of administration and the administrative staff are, as the object of acquisitive enterprise, financed from the ruler's magazine or treasury, as happened with mercenary armies in sixteenth- and seventeenth-century Europe (a capitalist army)—but

not only here. Where hierarchical appropriation is complete, all powers are divided between the ruler and the appropriated members of the administrative staff according to their own personal rights; or they are divided by the ruler's special orders, or by particular compromises with the regulated personal rights of the appropriated members.

Case 1: For example, the court offices of a ruler that are appropriated as fiefs. Case 2: For example, landed rulers who by virtue of privilege or usurpation have appropriated lordly rights (*Herrenrechte*) (usually the first is the legalisation of the second).

Appropriation to an individual can involve

1. leasing,
2. use as a pledge,
3. sale,
4. an unconditional privilege, or a privilege granted as a reward for meritorious behaviour, a gift given personally, or heritably, or freely appropriated:
 - a) as compensation for services or to purchase compliance, or
 - b) in recognition of the actual usurpation of ruling powers.
5. Appropriation to an organisation or a hierarchical stratum is usually the outcome of a compromise between a ruler and his administrative staff, or a sociated hierarchical stratum; it can
 - α) provide the ruler with relative freedom of **choice** in the individual instance, or
 - β) establish definite rules for the personal incumbency of the post.
6. Finally, appropriation to an individual can depend on instruction or education, which will be dealt with separately below.¹³

¹³ As noted in the Translation Appendix, Weber insists on using "appropriation" for what is otherwise understood as "assignment" or "allocation," and when coupled with the difficulty of rendering *ständisch* relationships into English, the foregoing passages become very tortured in translation.

1. It is usually thought, although without much reflection, that in gerontocracy and pure patriarchalism administrative means are appropriated to the administering organisation, or to the households of which this organisation is composed: administration is conducted “for” the organisation. Appropriation to rulers as such reflects the imaginary world of patriarchalism and can be realised to a very varying extent—right up to complete property in land and complete enslavement of subjects—rulers having here a “right of sale.” Hierarchical appropriation implies appropriation to the members of the administrative staff of at least part of the means of administration. While with full patrimonialism there is a complete separation of the administrator from the means of administration, the exact reverse is true of hierarchical patrimonialism: the administrator possesses the means of administration, either fully or at least substantially. This was true of the feudal knight, who equipped himself; the feudalised baron who collected court and other fees for himself and met his obligations to his feudal lord from his own means (including those he had appropriated); the Indian *jagirdar*, who financed his military unit from the proceeds of benefices and **possessed in full** his means of administration; the colonel who recruited a mercenary unit on his own account, was in receipt of some payments from the prince’s exchequer and made up for the shortfall by limiting his engagements, was **partly** in possession of means of administration via requisitioning and booty, and was also subject to regulation. By contrast, the pharaoh organised and equipped armies of slave and coloni commanded by royal clients—clothing, feeding, and arming them from his own stores—and was as a patrimonial ruler in full and **sole possession** of the means of administration. Such formal arrangements are not always the most significant: the Mamelukes were formally slaves, recruiting themselves formally through “purchase” by their lord, but in fact they monopolised powers of rule more completely than any ministerial organisation has controlled fiefs. The appropriation of land in fief to a closed organisation, but **without** individual appropriation, has occurred, both freely granted within the organisation by the ruler (case a)α) in the text) and with the regulation of qualification for such acquisition (case a)β) in the text) by requesting military or other (ritual) qualifications for aspirants, or where they existed, the right of precedence for rela-

Parsons does a very good job of glossing them into continuous prose (TSEO pp. 348–49), but they are presented here in their original format to make clear how Weber organises his argument.

tives by blood. It was the same in the case of artisans attached to a court or guild, or with peasant holdings where the holders were obliged to perform military or administrative services.

2. Appropriation by lease (tax farming in particular), by pledging as a security or by sale, was known in the Occident, but also in the Orient and in India; in antiquity, it was not unusual for priesthoods to be auctioned. The purpose of leasing was in part purely a matter of financial policy (a financial crisis especially as a consequence of war costs), in part a matter of financial technology (securing a fixed source of income that could be used for household purposes); in the case of the pledge and of sale, this was usually purely financial, while in the Papal States it was related to the creation of nepotistic¹⁴ rents. Appropriation by pledge played a very important part in France, even during the eighteenth century, in filling judicial posts in the *parlements*, while the (regulated) purchase of commissions in the British army was still practiced into the nineteenth century. Privilege, as a sanction for usurpation, as a reward, or as an incentive for political service, was common in the Occident, as elsewhere.

§8. The patrimonial retainer can be sustained

- a) by feeding at his master's table,
- b) by receiving donations (mostly in kind) from the store of goods and money held by his lord,
- c) by the allocation of land in return for services,
- d) through the *Chancen* of income from appropriated rents, fees, and taxes, or
- e) by fiefs.

The forms of support b) to d) can be called “**benefices**” if they are traditional in extent (b and c) or jurisdiction (d); are always newly conferred; and are individually, but not heritably, appropriated. Existence of this form of subsistence for the administrative staff

¹⁴ “Nepotism” originated in the Papal States, where positions were given to nephews of popes and bishops.

will be said **in principle** to be based on **praebends**. Here it is **possible** for promotion to be made on the basis of age or objectively measured achievements, while qualification by hierarchy, and so a sense of honour based on social rank, can be promoted (see Chapter 4 for the concept of “social rank”).

Appropriated ruling powers will be called a “fief” if they are **primarily** bestowed on qualified individuals by contract, and the reciprocal rights and duties are **primarily** oriented on conventional, hierarchical, and especially **military, concepts of honour**. Where an administrative staff is supported **primarily** through fiefs, this will be called “feudalism.”

The transition between fiefs and **military** benefices is often so gradual that they cannot be distinguished. (See the discussion on “social rank” in Chapter 4.)¹⁵

In cases d) and e), and sometimes in case c), the appropriated authoritative incumbent meets the cost of administration, and probably also that of equipage, from the revenues provided by benefices or dues related to fiefs. His own relationship as a ruler to his subjects can then assume a patrimonial character (and hence one that is heritable, alienable, partible).

1. For royal officials, domestic officials, priests, and all kinds of patrimonial retainers, having a place at the ruler’s table, or receiving what he chose to distribute to them from his stores, was the earliest form of support. The “men’s house,” the oldest form of dedicated military organisation (about which more will be said later),¹⁶ often took the form of communistic domestic consumption. Separation from the ruler, or from the temple or cathedral, and substitution of this direct support with allowances or land use was by no means always seen as desirable, although as a rule it did happen when the retainer formed his own family. Allowances in kind granted to a detached temple priest and officials were

¹⁵ Chapter 4 is a fragment, and there is no further discussion of this issue.

¹⁶ While this had been touched on in Chapter 2, §26, there is no further treatment of this.

the original form of provisioning for officials across the entire Near East, and also existed in India and China, and was widespread in the Occident. The granting of land in return for military services can be found all across the Orient from early antiquity, as well as in medieval Germany, as a means of providing for household retainers, court officers, and other officials. The revenues of Turkish cavalry (*Sipahi*) and also of Japanese samurai and countless other forms of Oriental retainers and knights were based, in our terminology, on “benefices,” not fiefs, as will be discussed at a later point. They could also depend on specific ground rents as well as local tax revenues. The latter were generally linked to the local appropriation of governing powers, or tended to open the way for such rule, although this was not always the case. The concept of the “fief” can be elaborated only in connection with that of the “state.” It can be based either on land held patrimonially, or on the most varied forms of rents and fees.

2. Appropriated *Chancen* for rents, fees, and taxes are widespread in the form of benefices and fiefs of all kinds; as an independent and especially developed form, this was especially true in India. Rights to these sources of income were granted in return for the provision of military contingents and the payment of administrative costs.

§9. The pure type of patrimonial rule, and especially its hierarchised variant, treats all powers of rule and the corresponding economic rights as if they were privately appropriated economic *Chancen*. This does not exclude the possibility that qualitative distinctions are made between these *Chancen*, especially the possibility that some of them are appropriated in a form that is subject to special regulation. The appropriation of legal and military powers tends to be treated as a legal basis for the **hierarchical** privilege of those appropriating them, as compared with the appropriation of purely economic *Chancen* related to the income from domains, taxes, and other sources. In the latter, a distinction is made in the form of appropriation between those that are principally patrimonial and those that are fiscal (nonpatrimonial). For the terminology developed here, what is significant is that governing powers and *Chancen* of any kind associated with them can be treated as if they were private *Chancen*.

Quite rightly, Georg von Below, in his book *Der deutsche Staat des Mittelalters*,¹⁷ sharply emphasises that the appropriation of judicial authority was treated separately and was a source of special hierarchical status, and that it was not possible to identify medieval political organisation as **purely** patrimonial or **purely** feudal. **So long as** judicial authority and other rights with a purely political origin were treated as if they were private entitlements, then it seems terminologically justified for our purposes to talk of “patrimonial” rule. As is well known, the concept was systematically developed in Haller’s *Restauration der Staatswissenschaften* [1816–1834]. An absolutely ideal-typical **purely** patrimonial state has never existed.

4.¹⁸ *Ständische Gewaltenteilung*, or the “**hierarchical** separation of powers,” is the condition in which organisations composed of those privileged by high social rank and who have appropriated governing powers **compromise** on a case-by-case basis with the ruler in the creation of political and / or administrative statutes, substantive administrative directives, or measures of administrative regulation, and then probably either execute these measures themselves or sometimes leave the execution of such measures to their own administrative staff, which in some circumstances has the authority to do so.

1. It makes no difference to this concept if in some circumstances strata that are **not** privileged by social rank (peasants) become involved in this. What is typically decisive are the autonomous rights of the privileged. It is obvious that the absence of any strata privileged by social rank would result in a different typology.

2. This type has **only** fully developed in the Occident. Its specific qualities and the reason for its emergence there will be dealt with below.¹⁹

3. As a rule, the *Stände* did not possess their own administrative staff, while a staff possessing autonomous authority was the exception.

¹⁷ Georg von Below, *Der deutsche Staat des Mittelalters. Ein Grundriß der deutschen Verfassungsgeschichte. 1. Band: Die allgemeinen Fragen* (Leipzig: Quelle und Meyer, 1914).

¹⁸ That is, “4.” in relation to §7a.3 above.

¹⁹ There was no subsequent discussion of this point.

§9a. Traditional rule generally at first affected the nature of **economic activity** by some reinforcement of traditional attitudes, this being most marked in gerontocratic and purely patriarchal rule, where those exercising authority have no separate administrative staff not available to the other members of the organisation. For their own claim to legitimacy, they have to therefore rely on the preservation of tradition in every respect.

Besides that, the impact on the economy depends on

1. the typical way in which the ruling organisation is financed (Chapter 2, §38).

Patrimonialism can, in this respect, mean quite different things. Typical, however, is

- a) an *oikos* maintained by the ruler whose needs were met on a liturgical basis, mostly in kind (the contribution of goods and compulsory services). In this case, economic relationships are highly traditional, the development of markets is restricted, the use of money is mostly oriented to subsistence and consumption, and the emergence of capitalism is rendered impossible.
- b) the meeting of needs through the privilege of social rank. Market development is limited here, although if not to the same degree as in a), since “purchasing power” is adversely affected by the estate’s claim to products in kind, while the productive capacity of individual economic units is used for the ruling organisations’ own purposes.

Or patrimonialism can be

- c) monopolistic, in which needs are met partly through profitable activities, partly by fees, partly by tax. In this case, market development is irrationally limited to a greater or lesser extent, depending on the kind of monopoly; the major prospects for profitable activity are in the hands of the ruler and his administrative staff, and so capitalist development is either

- α) directly obstructed by the administration assuming full control of productive enterprise, or,
- β) diverted into a politically oriented capitalism (Chapter 2, §31), where there is tax farming, leasing or the sale of offices, and capitalistic provision for an army or administration as a financial measure.

Even where it is financed in money, patrimonialism, and especially sultanism, has irrational effects:

1. from the juxtaposition of
 - α) adherence to tradition in the degree and form of demands made upon **direct** sources of taxation;
 - β) complete liberty, and so arbitrariness, in setting the scale and nature of (1) fees, (2) imposts, and (3) the organisation of monopoly. All of these are **claims**: historically, it is the first that has been the most effective (through the petitioning of the ruler and his staff); the second, rather less so; and the third, variably.
2. There is, however, no way of reliably calculating the burden placed on the freedom to pursue private gain, or the degree to which it exists, both of which are needed for the rationalisation of the economy.
3. In some cases, it is true that patrimonial fiscalism can have a rationalising impact, through careful attention to taxable capacity and the **rational** creation of monopolies. But this is “accidental,” resulting from the special historical circumstances that partly existed in the Occident.

Financial policy with a **hierarchical separation of powers** typically takes the form of imposing charges arrived at through compromise, hence **calculable** charges; seeking to remove, or at least very much diminish, the arbitrariness with which the ruler creates imposts, and especially monopolies. The extent to which substantive financial policy helps or hinders rational economic action depends on the way the dominant stratum holds power, that is, whether it is

- a) feudal, or
- b) patrician.

The predominance of the first tends to set strict limits on the freedom to engage in acquisitive activity and on the development of markets, given the overwhelmingly patrimonial structure of feudalised powers of government, and it might deliberately, for political reasons, seek to suppress individual economic freedom and markets. The predominance of the latter can have the contrary effect.

1. What is said here will have to suffice, since these matters will be returned to and discussed more fully in a variety of contexts.²⁰

2. Examples for:

- a) *oikos*—ancient Egypt and India;
- b) large parts of the Hellenistic world, the Later Roman Empire, China, India, parts of Russia, and the Islamic states;
- c) the Ptolemaic Empire, Byzantium (in part), and in another way, the reign of the Stuarts;
- d) occidental patrimonial states in the era of “enlightened absolutism” (Colbertism especially).

2. ²¹ It is not only the financial policy of normal patrimonial regimes that limits rational economic organisation but also the particular nature of its administration:

- a) through the difficulties that traditionalism presents for **formally rational regulations** that can be relied on in the longer term, and that are therefore calculable in their economic significance and utility; and
- b) through the **typical absence** of a **formally trained specialist administrative staff**.

²⁰ Weber does come back to deal with these issues in part III, chapter 8, of the 1922 edition, pp. 718–52, but this is, of course, a previous draft, not the further discussion that he promises here.

²¹ That is, in relation to 1. at the start of §9a.

The emergence of such a formally trained staff **within** occidental patrimonialism came about through quite unique conditions, as will be seen, conditions that only existed here and **first** developed from completely **different** sources.

- c) through the broad scope of substantive capriciousness and purely personal whims on the part of the ruler and of the administrative staff. This provides an opening for corruption, which in itself is only the degenerated form of an unregulated right to charge fees, but which would have a relatively minor significance (since it can in practice be calculated) if it were a constant quantity and not something that rather fluctuated from official to official. If offices are leased, the official has a strong incentive to get the most out of what has been invested in the office by charging arbitrary, irrational, and extortionate fees.
- d) through the way that all forms of patriarchalism and patrimonialism have an inherent tendency to engage in substantive economic regulation of economic activity, a tendency deriving from the nature of its legitimisation and its consequent interest that subjects be kept happy. Such regulation can be oriented to utilitarian, socially ethical, or **substantive** “cultural” ideals, and this undermines any **formal** rationality founded on a technical legal order. At its furthest extreme, this effect is decisive in the case of hierocratically oriented patrimonialism, whereas in the case of sultanism, fiscal arbitrariness is likely to be more important.

For all these reasons, it is possible under the rule of normal patrimonial powers for all of the following to emerge and often vigorously flourish:

- a) mercantile capitalism,
- b) capitalistic tax farming, and sale and lease of offices,
- c) capitalistic provisioning of the state and capitalist financing of its wars, [and]
- d) to some extent, plantation and colonial capitalism.

However, highly sensitive enterprises oriented to the market situation of private consumers, with **fixed capital** and the rational **organisation of free labour**, are **incompatible** with the irrationalities of jurisdiction, administration, and taxation that disturb **calculability**.

It is **only** fundamentally different where the patrimonial ruler, acting in his own political and financial interests, adopts **rational** administration employing **specialist** officials. For this, the following is needed: (1) the **existence** of **specialist** training; (2) a sufficiently strong motive—as a rule, brisk **competition** among **several** patrimonial **factions** within the same **cultural** domain; and (3) a very special ingredient: the inclusion of **urban** community organisations providing **financial** support for the competing patrimonial powers.

1. Modern, specifically occidental capitalism grew out of relatively rationally administered, specifically occidental, **urban** organisations (whose particular features will be dealt with separately).²² This developed from the sixteenth to the eighteenth centuries within *ständisch* Dutch and English political organisations, in which bourgeois power and economic interests predominated. By contrast, there is no direct line connecting attempts to emulate this for fiscal and utilitarian reasons in the purely patrimonial or feudalised Continental states, or in the monopolies established in Stuart England, with the later emergence of autonomous capitalist development, although some agrarian and manufacturing measures, insofar as they were oriented to English, Dutch, or French models, did create very important developmental conditions for its emergence (this will also be dealt with separately).²³

2. The patrimonial states of the Middle Ages can, in principle, be distinguished by the **formally** rational nature of one part of their administrative staff (specifically, canon and secular lawyers) from all the other administrative staffs for political organisations that have existed. I will deal separately with the

²² Probably a reference to the section on *Staatssoziologie* that Weber was planning. An earlier draft became part II, chapter 8, of the 1922 edition (pp. 513–600), now published as MWG I/22-5.

²³ While there are elements of such a discussion in part III of the 1922 edition, this is again a stub that Weber never developed in 1919–1920.

source of this development and its significance.²⁴ For the time being, the general remarks made at the end of the text will have to suffice.

4. Charismatic Rule

§10. “Charisma” is the personal quality that makes an individual seem extraordinary, a quality by virtue of which supernatural, superhuman, or at least exceptional powers or properties are attributed to the individual: powers or properties that are not found in everyone and that are thought to be the gift of God or exemplary, rendering that individual a “leader” (*Führer*). This extraordinary property was originally applied to prophets, to individuals thought to have special therapeutic powers or to possess legal wisdom, to those who led bands of hunters, or to military heroes. As such, magical powers were attributed to these individuals. How the relevant quality **would be** “objectively” and properly evaluated in terms of some kind of ethical, aesthetic, or other standpoint is, conceptually, a matter of indifference. What matters is how this quality is **actually** judged by those who are ruled charismatically: how “followers” see things.

There is a broad range of “great” heroes, prophets, and healers that a value-free sociology considers as equally endowed with charisma, such as a “berserker” whose manic episodes were, apparently wrongly, ascribed to the use of poisonous drugs (during the Middle Ages in Byzantium, many such people endowed with a charismatic lust for combat were retained as a kind of military instrument); “shamans,” that is, sorcerers who, in the pure type, were subject to epileptic seizures before falling into trances; possibly the founder of Mormonism, although it is hard to tell whether he was just a sophisticated swindler; a literary type such as Kurt Eisner, carried away by his own demagogic success.

1. Charisma is validated through the **recognition** of a personal **proof** by those who are ruled. This was originally effected through the perfor-

²⁴ No drafts for such analysis were found.

mance of a miracle, bringing about a voluntary dedication to a revelation, to hero worship, to absolute trust in the leader. Where charisma is genuine, this is not, however, the **basis** for legitimation; it is instead rooted in an **obligation** on the part of those who have received the call to acknowledge their duty to provide personal proof. This “acknowledgement” is, psychologically, a quite personal dedication, a belief born of enthusiasm, or of despair and hope.

No prophet has seen his quality as dependent on the opinion of the masses; no crowned king or charismatic duke has treated those who oppose them or have remained aloof as other than in breach of duty. Anyone failing to “volunteer” for a leader’s military campaign has always and everywhere been treated with derision.

2. If proof fails to materialise, the charismatically blessed personage shows himself to have been abandoned by his God or his magical or heroic powers. If success continued to elude him, and especially if **his leadership did not improve the lot of those over whom he ruled**, there was a chance that his charismatic authority would vanish. This is the genuine charismatic meaning of “the grace of God.”

Even old German kings could be reviled, and this [phenomenon] is very widespread among so-called primitive peoples. In China, the monarch’s charismatic quality (unmodified by hereditary monarchy; see §11) was maintained so strongly that any misfortune, no matter what kind—not simply failure in war but also drought, flood, unlucky astronomical events, and so forth—forced him to make public amends, and possibly also forced his abdication. [In this scenario,] he did not possess the requisite charismatic, God-given “virtue,” and so was not a legitimate “Son of Heaven.”

3. **Community** (*Gemeinde*) is, as a ruling organisation, an emotional communalisation. The **administrative staff** of the charismatic ruler is not “officialdom,” at the very least, not one that has dedicated training. It is selected neither by social rank, nor in relation to household organisation, nor by personal dependency. It is instead selected according to its charismatic qualities: the “prophet” has his “disciples,” the “warlord” his “retinue,” while the “leader” has “trusted bodyguards.” There is no

“appointment” or “dismissal,” no “career,” no “promotions.” There is only the “call” issued spontaneously by the leader on account of the charismatic quality of the person so called on. There is no “hierarchy,” only intervention of the leader prompted by a general or particular charismatic deficiency in the event of the staff’s execution of a task, possibly involving recall. There is no “sphere of authority” and “competence,” but also no appropriation of administrative powers through “privilege.” Instead, there are only spatial or substantive limits to charisma and its “mission.” There is no salary, nor any “benefice”; instead, the disciples or followers live together communistically with the ruler and live on means donated through patronage. There are no permanent “authorities,” only charismatic envoys entrusted with missions on the ruler’s behalf. There is no government, no abstract legal statutes, no due legal process oriented to such statutes, no legal wisdom or judgement oriented to traditional precedents. Instead, there are occasional **judgements** made case by case, in which initially the judgement of God and revelation is thought to prevail. For all genuine charismatic rule, the principle holds: “It is written . . . but I say to you. . . .” The genuine prophet, in the same way as the genuine warlord, preaches, creates, demands **new** imperatives in the original sense of charisma—by virtue of revelation, oracle, dedication, or: by a substantive formative will that is recognised as such by a religious, military, party, or other community purely because it issues from such a source. Acknowledgement is obligatory. If a leader of this sort encounters another of the same sort and cannot prevail on the basis of charisma, then there has to be a contest of magical powers, or a direct physical contest of the leaders whose outcome the community is **obliged** to recognise: only one of the contestants can be in the right; the other has to be guilty of a wrong.

Given the **extraordinary** character of charismatic rule, it has to be bluntly opposed to all other forms of rule—rational, especially bureaucratic, as much as traditional, especially patriarchal or patrimonial, rule, or rule based on social rank. Both of these are specific **everyday** forms of rule; genuinely charismatic rule is the exact opposite. Bureaucratic rule is specifically rational in the sense of being bound to rules open to discursive analysis; charismatic rule is specifically irrational since it is alien to all rules. Traditional rule is bound to precedents in the past, and

in this respect, oriented to rules; charismatic rule overturns the past in its own domain, and is in this sense specifically revolutionary. It does not involve the appropriation of power in the way that one appropriates landed property, nor in respect of the lord or of local hierarchical powers. It is instead legitimate to the extent and for as long as personal charisma by force of personal proof can be maintained, which means: so long as it finds acknowledgement and can sustain belief in such proof among followers, disciples, or retinue.

The above hardly requires further discussion. This is as true of the **purely** “plebiscitarian” charismatic ruler (Napoleon’s “rule of genius” in which plebeians became kings and generals) as it is of prophets or great warriors.

4. Pure charisma is specifically **disconnected from the economy** (*wirtschaftsfremd*). It represents, wherever it occurs, a “calling,” a “vocation” in the emphatic sense: as a “mission” or a personal “task.” As a pure type, it disdains and rejects the economic exploitation of the gift of grace as a source of income—although this is often more an ideal than a fact. It is not that charisma is always indifferent to property and gain, something that is more typical of prophets and their disciples (see below). The military hero and his retinue **seek out** booty, the plebiscitarian ruler or charismatic party leader needs the material resources for power, while the first seeks in addition the material lustre of rule as a means of reinforcing his prestige. So long as the genuinely charismatic type prevails, there is only scorn for traditional or rational **everyday** economic activity and the realisation of a regular “income” through continuing economic activity directed to that end. Instead, charismatic rule is typically provisioned by various forms of patronage—on a grand scale with gifts, foundations, bribery, and honoraria; or on the one hand by begging, on the other, by looting or violent or (formally peaceful) extortion. From the perspective of **rational** economic organisation, charismatic rule is typically “uneconomic,” repudiating any kind of involvement in **everyday** life. Given its complete inner indifference to this, it can merely “register” irregular, **casual** employment. By **waiving all economic concerns**, a rentier existence **can** form the basis for **some kinds** of charismatic life. But this tends not to apply to the normal charismatic “revolutionary.”

The refusal of church office by Jesuits is a rationalised application of the principle of being “disciples.” It is plain that to this belong all heroes of asceticism, mendicant orders, and fighters for faith. Almost all prophets have been supported by patronage. The well-known saying of St. Paul, “If any who did not work, neither should he eat,”²⁵ was directed against parasitic missionaries, and in no respect endorses “the economy,” but only suggests that each individual has a duty to provide for his or her own support on an occasional basis. The real charismatic comparison involving “the lilies of the field” was not literal but concerned only the degree to which taking **no care** for the morrow was a possibility. On the other hand, it is conceivable that, with mainly artistic charismatic disciples, their detachment from daily economic struggle would normally restrict membership to those who were “economically independent”—hence, rentiers (which is true for the Stefan George Kreis,²⁶ at least in its initial intention).

5. Charisma is **the** great revolutionary force in eras bound up with tradition. It differs from the equally revolutionary force of “reason,” which either has an entirely external impact by changing life’s circumstances and problems, and so, indirectly, attitudes to these, or which works through intellectualisation. Instead, charisma can represent a transformation that begins within oneself, born of suffering or of enthusiasm, a shift in direction of leading sentiments and deeds involving a complete reorientation of dispositions and attitudes to all particular ways of life, and to the “world.” In prerationalist eras, tradition and charisma represent the near-totality of forms for the orientation of action.

5. The Routinisation of Charisma

§11. In its genuine form, charismatic rule has a specifically **non-everyday** character;²⁷ creating a strictly personal social relationship in which the realisation of charisma depends on personal qualities

²⁵ 2 Thess. 3:10.

²⁶ Stefan George (1868–1933) was a poet and aesthete who became the inspiration for a “circle” of disciples. Edith Hanke notes Weber’s interest in this phenomenon and attributes to it a pivotal role in his development of the idea of “charisma.” MWG I/22–4, pp. 41, 54.

²⁷ Here “routinisation” is a translation of *Veralltäglichung*, meaning to “reduce charisma to an everyday matter.”

and their personal **proof** (*Bewährung*). If this is something more than an ephemeral relationship and it becomes **permanent**—involving a “community” of believers, warriors, or disciples, or an organisation based on party, politics, or hierarchy—then charismatic rule has to change. For it could be said that charismatic rule in its purely ideal typical form exists only in its early stages, as it first emerges. Over time, then, charismatic rule becomes more traditional or more rational (more legal)—or indeed both in different degrees. The motivating forces here are the following:

- a) the ideal or also material interest of **followers** in the continuation and constant revival of the community;
- b) the even stronger ideal and even stronger material interest of the **administrative staff**—of the followers, disciples, party trustees, and so on in
 - 1. continuing the existence of the relationship, and so
 - 2. continuing it in such a manner that its own position is ideally and materially placed on a permanent **everyday** basis; externally, the creation of **family** life or a **secure** existence in place of “missions” detached from family and economy.

These interests typically become evident with the demise of the bearer of charisma and the ensuing question of **succession**. The way this is resolved—if it is resolved and the charismatic community continues to exist (or **came into existence** for the first time) is very important in determining the general nature of the social relationships thereby arising.

The resolution to this can take one of the following forms:

- a) A renewed search on the basis of particular features for a man who can be the bearer of charisma.

A fairly pure type here is the search for the new Dalai Lama, a child to be selected because he embodies divine qualities, rather like the search for the new Bull of Apis.

In this case, the legitimacy of the new bearer of charisma is based on **features**, in other words, “rules” around which traditions are formed and to which they are connected (traditionalisation); and hence retrofitted to the **purely** personal character.

- b) Through **revelation**: by oracle, the drawing of lots, divine judgement, or another selection technology. In this case, the legitimacy of the new bearer of charisma is derived from the legitimacy of **technology** (legalisation).

It is said that the Israel *schoftim* sometimes had this character. Saul was supposed to have been identified by an old war oracle.

- c) Through the designation of a successor by the incumbent bearer of charisma, and acknowledgement by the community.

This is a very common form. The creation of Roman magistracies was originally entirely characterised in this way—most clearly maintained in the creation of dictators and the institution of the “interrex.”

Legitimacy is thus **acquired** by designation:

- d) Through designation as a successor by the charismatically qualified administrative staff, and recognition on the part of the community. This should in no way be treated as an “election,” a “primary,” or a “right to nomination”; the real meaning of the process is nothing like this. It is not a matter of free selection, but a selection process that is strictly obligatory and that does not involve a majority vote but the **proper** identification, the selection of the proper person, the real bearer of charisma, a figure that even a minority could have successfully identified. Unanimity is a postulate and realisation that a mistake has been made, a duty; persevering with a mistake is a major transgression, a “wrong” choice being a wrong that has to be expiated—originally through the use of magic.

All the same, it does seem that legitimacy can be treated as an acquisition of rights governed by all the provisos of propriety, and for the most part effected with particular formalities (enthronement and so forth).

This is the original meaning in the Occident of the coronation of bishops and kings by the clergy or princes with the community's active agreement; there are many analogous predecessors throughout the world. That the idea of "**election**" grew out of this will be discussed later.

- e) Through the idea that charisma is transmitted by **blood**, and that it is therefore a quality inherent in a kinship grouping, especially in next-of-kin: this is **hereditary charisma**. The **order of hereditary succession** need not be the same as that for appropriated rights but can vary from it. It can also be determined by using the means listed under a) to d) to establish the "proper" heir within the kinship group.

There are instances from Africa where brothers have had to fight each other for the succession. In China, succession had to happen in such a way that the relationship of the living to their ancestral spirits was not disturbed. Very common in the Orient has been succession by seniority, or through designation by followers. In the Ottoman Empire, there was consequently a "duty" to eliminate all other possible candidates.

The clear principle of succession by primogeniture to positions of power gained ground only in medieval Europe, in Japan, and in a few other places; this very much reinforced the consolidation of political organisations by avoiding a struggle among several pretenders in the hereditary charismatic kinship group.

Belief is then no longer directed to a person's charismatic qualities, but to the legitimacy of the position acquired by virtue of hereditary succession. (The processes of traditionalisation and legalization.) The concept of God's "gift of grace" was entirely transformed and now means: authority by personal right, **not** from the acknowledgement of

those over whom authority is exercised. Personal charisma can be entirely absent.

Hereditary monarchy, the mass hereditary hierocracies of Asia, and the hereditary charisma of kinship groups as characteristics of the status and qualification of fiefs and benefices (see the following paragraphs) all belong here.

- f) Through the idea that charisma can be transmitted by ritual means from one bearer to another, or that it is a quality that can be created (originally through the use of magic): this involves an objectification of charisma, the **charisma of office**. Belief in legitimacy, then, no longer relates to a person but instead to the qualities acquired and a ritual act's effectiveness.

The most important example: the transmission of priestly charisma through anointment, consecration, or the laying on of hands; or royal charisma transferred or confirmed through anointment and coronation. An indelible spiritual character implies the detachment of capacities linked to the office of charisma from the qualities of the person as a priest. This is what gave rise to constant conflict, starting with donatism and montanism, and up to the Puritan and Baptist Revolution (for the Quaker, the priest bearing the charisma of his office is a "hireling").

§12. The routinisation of charisma arising from the provision of successors is paralleled by the interest in routinisation shared by the **administrative staff**. The staff can survive through patronage, booty, or casual revenues only so long as the charismatic ruler is in his first throes of success acknowledged by belief and enthusiasm, and his rule is **genuinely extraordinary**. Only among the limited **stratum** of enthusiastic disciples do we find followers prepared to devote their lives on a lasting basis to this "ideal," "making" their life their "calling." The great mass of disciples and followers wish in the long run to make their living from their "calling," and will have to do so if they are not to disperse.

For this reason, the routinisation of charisma also involves

1. the **appropriation** of ruling powers and *Chancen* for gain to followers or disciples, and the **regulation** of recruitment to these groups.
2. traditionalisation or legalisation (whether with rational statutory provision or not) can assume the following typical forms:
 1. the genuine form of recruitment is according to personal charisma. Followers or disciples can in the process of routinisation develop **norms** for recruitment, relating especially to
 - a) education, and
 - b) tests of eligibility.

Charisma can only be “aroused” or “put to the test,” not “learned” or “taught.” All the various kinds of magical asceticism (sorcerers, heroes) and all **novitiates** belong to this category of **closure** for the organisation of the administrative staff (see the discussion on charismatic education in Chapter 4).²⁸ Only the novice who is proven will be admitted to the power of rule. The **genuinely** charismatic leader can resist these demands with some success—but not his successor, or at least not a successor chosen from among the administrative staff (§13.4).

The above includes all magical and warrior asceticism from the “men’s house,” with their pupils and novitiates. Whoever fails the test as a warrior remains a “woman,” excluded from the followers.

2. Charismatic norms can easily turn into norms validated by tradition and **social rank** (hereditary charisma). If the leader possesses hereditary charisma (§11.e)), then it is no great step to the selection and employment of the administrative staff on this basis, and quite probably also their dependants. The term “lineage state” will be used when

²⁸ This section was never drafted.

a political organisation is closely identified with this principle of hereditary charisma—where all ruling powers, fiefs, benefices, and *Chancen* for gain of all kinds are appropriated in this way. All powers and all kinds of *Chancen* are traditionalised. Clan heads—traditional gerontocrats or patriarchs not legitimated by charisma regulate those matters that cannot be taken away from the clan. It is not the kind of position that defines the “status” of the man or his clan, but the hereditary charismatic status **of the clan** that determines the positions **due to him**.

Main examples: Japan before bureaucratisation; without any doubt to a great extent also China (the “ancient families”) before its rationalisation into territorial states; the caste system of India; Russia before the introduction of a feudal hierarchy (*mjestnitschestvo*) in the fifteenth century, and in other forms subsequently; and in the same way, all “hereditary social ranks” everywhere.

3. The administrative staff can promote and enforce the creation and appropriation of **individual** positions and *Chancen* for gain on behalf of its members. Depending on whether this is done by tradition or by legalisation, there then arise:
 - a) benefices (prebendialisation; see above, §8),
 - b) offices (patrimonialisation and bureaucratisation; see above, §7),
 - c) fiefs (feudalisation),

which now are now appropriated, instead of their original purely occasional or casual provision from patronage or booty. In particular, for a)

- α) mendicant benefices,
- β) benefices from rents in kind,
- γ) benefices from money taxes,
- δ) revenue from fees,

through the regulation and financial rationalisation of provisioning originally effected through patronage (α), or purely from booty (β, γ).

On α), Buddhism;
 on β), Chinese and Japanese rice benefices;
 on γ), the rule in all rational states of conquest;
 on δ), masses of individual examples everywhere—especially clergy and judges, but in India also military powers.

On b): the “transformation of the charismatic mission into an office” can imply either an increase in patrimonialisation or in bureaucratisation. The first is the general rule; the second can be found in the Occident during antiquity and modernity, while it is more infrequent, more the exception, elsewhere.

On c): α —land appropriated as a fief while retaining the character of the position as one linked to the charismatic mission.

β) complete enfeoffment of ruling powers.

These are hard to distinguish, but the orientation of the position to remittances does not entirely disappear, not even during the Middle Ages.

§12a. A prerequisite of routinisation is the termination of charisma’s lack of connection to the economy, its adaption to fiscal (financial) forms of provision, creating economic conditions capable of yielding taxes and contributions. With the shift towards prebendialisation, the “laity” becomes differentiated from a “clergy,” members of the charismatic, but now routinised, administrative staff possessing a fixed share of revenue (priests of the emerging “churches”). Likewise, with the development of political organisation, “tax-paying subjects” are now confronted with vassals, the holders of benefices, and in the rational case, “state” officials who are no longer “confidantes” of a charismatic leader but appointed party officials.

This is typical among Buddhist and Hindu sects (see the sociology of religion).²⁹ It is the same for all conquered states that have been rationalised into permanent structures, and for parties and other forms that were originally purely charismatic.

Rationalisation largely **impels** the organisation of charismatic rule into everyday forms such as patrimonial rule, especially forms hierarchised by social rank, or bureaucratised forms. The originally special character of charismatic rule is expressed in charismatic conceptions of **honour** associated with the hereditary social rank or office of those in leading positions, whether ruler or administrative staff—it is a form of **prestige** attached to rule. A hereditary monarch “by Grace of God” is no simple patrimonial ruler, patriarch, or sheikh; a vassal is no mere retainer or official. These points will be elaborated in the treatment of “social rank” following.

As a rule, routinisation does **not** come about without a struggle. At first, the **personal** demands originating from the ruler’s charisma are not forgotten, and historically it has been quite typical for there to be conflict between charisma acquired by heredity or associated with office, and that inhering in the person.

1. The transformation of the power of absolution (absolving mortal sins) from a power held only by martyrs and ascetics into an official function performed by bishops and priests took much longer in the Orient than it did in the Occident, influenced as it was by the Roman conception of “office.” All organisations, from the state to trade unions (and especially at the present time!), experience internal revolutions led by charismatic leaders opposing hereditary charisma or the powers of office. However, the more developed the network of economic dependences associated with a money economy are, the stronger the pressure of the daily needs of those dependent on it. The tendency towards routinisation is ubiquitous, and as a rule, quickly realised. Charisma is a phenomenon typical of the rule by prophetic religious movements or conquering political movements in their **initial** stages, but it is a

²⁹ This is an indication that when Weber wrote this, he had in mind a section on the sociology of religion.

form of rule that gives way to routinisation as soon as rule is secured, and in particular, once it has taken on a **mass** character.

2. In all cases, the routinisation of charisma is, of course, powerfully impelled by a striving for security: legitimisation of positions of social rule and economic *Chancen* for the retainers and dependants of the ruler. However, the objective necessity that orders and administrative staff adapt to the normal everyday demands and conditions of the administration also plays a part. Here there are in particular points to which administrative and jurisdictional traditions can be attached, as need dictates both for the normal administrative staff and those who are ruled over. In addition, some kind of order is needed for the organisation of the administrative staff itself. Finally, and above all, the adaptation of administrative staff and of all administrative measures to everyday **economic** conditions—since the covering of costs by looting, contributions, gifts, hospitality, all of which are typical of charisma in its warrior or prophetic stages, is not a possible basis for ongoing everyday administration. This is something that will be dealt with separately below.³⁰

3. Routinisation is not therefore something that is only brought about by the problem of succession; it involves far more than this. On the contrary: the main problem is making the transition from charismatic administrative staff and administrative principles to their everyday forms. All the same, the problem of succession does affect the routinisation of the core charismatic principle: it affects the ruler himself, and his legitimacy. Contrasting with the transition to traditional or legal orders and administrative staffs, this involves very special and characteristic conceptions that can only be understood in this context. The most important of these issues are the designation of a charismatic successor and hereditary charisma.

4. As already noted, the most important historical example of a charismatic leader designating his own successor can be found in Rome. For the *rex*, this was effected by tradition; the nomination of a dictator, *corulers*, and successors in the Principate was firmly established historically. The way in which all senior magistrates invested with *imperium* were appointed clearly demonstrates that even for them, nomination as successor was done by a military commander, conditional on endorsement by the citizen army. The fact that

³⁰ This point was never developed.

candidates were examined by the officiating magistrate, and that originally he could exclude a candidate on plainly arbitrary grounds, is clear evidence of this development.

5. The most important example of charismatic followers designating a successor is the appointment of bishops, and especially of the pope, originally through the clergy and with subsequent recognition by the community. Ulrich Stutz has shown that it was probable that this way of appointing bishops was adopted in the election of the German emperor: there was designation by particular princes, followed by recognition on the part of “the people,” that is, those capable of bearing arms. Similar forms are quite common.

6. India was the classic country for the development of hereditary charisma. All occupational qualifications, especially in the assignment of authority and ruling positions, were strictly guided by principles of hereditary charisma. Eligibility for fiefs involving ruling powers was linked to membership in the king’s clan, fiefs being granted to clan elders. All hierocratic official appointments, including the extraordinarily important and influential position of guru were linked to hereditary charisma. This was also true of the redistribution of clients, together with local village roles such as priest, barber, washermen and washerwomen, watchman, and so on. Every time a sect was created, a new hereditary hierarchy was formed. (This was also true of Chinese Taoism.) And this was also true of the Japanese “clan” state (before the introduction of a patrimonial state on the Chinese model, which then became prebendary and feudalised) where the social structure was purely based on hereditary charisma (this will be dealt with in greater detail in another context).³¹

The right to ruling positions by virtue of hereditary charisma developed in a similar way across the entire world. Qualification by one’s own personal attainments was replaced with qualification by birth. This is everywhere the basis of the development of hereditary aristocracies; [it was evident] among the Roman nobility in the same way as in the concept of *stirpa regia* (the king’s clan) among the Germans as described by Tacitus, and in the fascination with the pedigree of a new American aristocracy. This is something that happens everywhere that differences of “social rank” have taken root.

³¹ Drafts for this are reprinted in MWG I/22-4, pp. 518–19; pp. 772–73 in the 1922 edition.

Relationship to the economy. The routinisation of charisma is in very large measure identical with the accommodation to economic conditions as the constant force of daily life. **Here** the economy leads; it is not led. To a great extent the reorganisation of hereditary or official charisma serves as a means for the **legitimation** of existing or acquired powers of disposal. Besides the not inconsiderable ideology of loyalty, the retention of hereditary monarchy is in particular very strongly influenced by the calculation that all forms of inherited and legitimately acquired property could be undermined if the inner unity of the sanctity of succession to the throne was abandoned, and it is no coincidence that hereditary monarchy is more acceptable to the propertied class than to the proletariat, for instance.

Otherwise, it is difficult to say anything very general, and at the same time valuable and substantial, about the relationship among the different possibilities of adaptation to the economy—this will have to be reserved for special consideration.³² Prebendialisation, feudalization, and the hereditary charismatic appropriation of *Chancen* of all kinds can, in **all** cases, have stereotypical effects during the transition from charisma, just as they do in their development from the early stages of patrimonial or bureaucratic rule, and in this way, have an impact on the economy. The power of charisma often has a powerful revolutionary economic impact, often initially as a destructive force that is quite likely due to its novel and unconditional orientation, but where routinisation leads towards traditionalism, it can have a quite opposite impact.

The economic factors in (charismatic) revolutions will be dealt with separately. These are quite different.

6. Feudalism

§12b. The final case (c: fief) in §12.3 remains to be dealt with separately. This is because it is possible for a particular structure of rule that has had an enormous historical significance to emerge

³² No drafts for any such discussion survive.

from it: **Feudalism**. This is quite **different** from patrimonialism, as it also is from genuine or hereditary charisma. We will distinguish here two genuine forms of feudalism: that based on **fiefs**, and that based on **benefices**. All other forms in which the use of land is granted in return for military service are in reality not “feudalism” but have a patrimonial (ministerial) character; they are not “feudalism” **in the sense used here** and are not given any separate treatment. The different kinds of benefices will be discussed later, when dealing with their details.³³

AA. A fief always includes the following:

- aa) The appropriation of ruling powers and rights. A fief can be appropriated with respect to
 - α) powers relating to a single household, or
 - β) to an organisation, but limited to economic or fiscal powers, or
 - γ) to an organisation and including powers of command.

Fiefs are granted against services, mostly **military**, but also including some administrative duties. The grant takes a very specific form:

- bb) primarily, and mainly, **personal**, for the lifetime of the ruler and of the person enfeoffed (his vassal).
Furthermore,
- cc) the relationship is established by contract, hence with a free man who, in the case of what is here called “enfeoffed feudalism,” possesses
- dd) a specific life conduct related to his **social rank** as a knight.
- ee) The contract of fealty is no ordinary “transaction” but establishes a **brotherly** relationship, albeit with unequal

³³ No drafts for any such discussion survive.

rights and whose outcome involves mutual obligations of **loyalty**. The obligations of loyalty are based on
 α) conceptions of knightly **honour** related to social rank, and which
 $\beta\beta$) are strictly **limited**.

The transition from type α) (see above under the discussion of c) to type β) occurs when

- aaa) the fief is **hereditary** and transferable, presupposing the renewal of an oath of fealty to each new ruler on the part of each new incumbent, and moreover,
- bbb) the enfeoffed administrative staff can **enforce tenure**, since all fiefs are a source of provision for those belonging to the particular section of the hierarchy.

The first, transition to a hereditary basis, comes from the quite early Middle Ages; the second emerged in its course. The conflict between lords and their vassals was related above all to the implicit elimination of this principle, which made the creation or the effecting of a personal patrimonial “power” on the part of the lord impossible.

BB. Enfeoffed administration (enfeoffed feudalism) has just as little ever been realised in absolute purity as **pure** patrimonialism ever was, but in its complete implementation—

- aa) The authority of the lord would be reduced to the services of vassals solely by virtue of their oath of fealty; and
- bb) The political organisation would be entirely replaced by a system of purely personal relations of fealty between the lord and his vassals, the latter and their own (subenfeoffed) subvassals, and on to their probable subvassals. The lord can lay claim only to the loyalty of his own

vassals, these vassals to that of their own subvassals, and so forth.

- cc) The lord can deprive his vassal of his fief only in the event of “felony,” and in turn the vassal in the event of the felony, his subvassal. To effect this, however, the lord must rely on the assistance of other vassals, or on the passivity of the subvassals of the “offender,” who has broken his oath of fealty. Either source of support can only be realised when each of the relevant groups recognises that the felony of their fellow vassal or lord against his lord has occurred. He cannot count on the noninterference of subvassals unless the higher lord has been able to secure recognition that opposition to an overlord in subinfeudation is in this case the exception (something that is constantly sought for, but that is not always achieved).
- dd) There is a social ranking hierarchy in fiefs according to the order of their subinfeudation—in the *Sachsenspiegel*, this is called the Heerschilde.³⁴ This is not, however, a “sequence of administrative levels” or a “hierarchy.” Whether a measure or a judgement can be contested, and who might be able to do so, is a matter for the upper court, not for the hierarchical system of enfeoffment (in theory, it is possible for the upper court to be granted as a fief to some incumbent of judicial power, although this did not tend to happen).
- ee) Those who do **not** hold fiefs involving some element of patrimonial or other organisational powers in the hierarchy are “subjects,” or patrimonial **dependants**. They are subordinated to those who are enfeoffed to the extent that their own traditional social rank determines or permits, or to the extent that the force majeure of the enfeoffed incumbent can force them, against which

³⁴ Composed about 1220, the *Sachsenspiegel* (Saxon Mirror) was a compendium of law and custom that identified seven different layers of social rank as part of the Heerschilde, the military shield.

military compulsion they are more or less defenceless. The principle of “no land without a master” is as true for the lord (compulsory enfeoffment) as it is for anyone who is not enfeoffed. The sole surviving element of the older system of **direct** organisational power is the almost universal principle that the political authority of the lord, and in particular the judicial power, are available to the lord **wherever he happens to be**.

- ff) Powers of controlling one’s own household (disposition of powers over domains, slaves, and serfs); organisational fiscal rights (rights to taxation and contributions) and the powers of command linked to organisations (jurisdiction compulsory military service, and so powers over “free men”) are all equally objects of enfeoffment.

However, organisational **powers of command** were quite often made subject to special regulation.

In ancient China, there were pure rental and territorial fiefs that were distinguished by name. This was not the case during the Middle Ages in the Occident, although it was true of their relationship to social rank and in very many related qualities that are not discussed here.

Complete appropriation of organisational **powers of command** as enfeoffed property rights tended to be introduced only with very many transitions and irregularities, this to be separately dealt with later.³⁵ What usually **did exist** was the distinction of **social rank** between those enjoying budgetary or **purely** fiscal rights, and those enjoying rights linked to powers of command: those **political vassals** entrusted with court jurisdictions (above all, criminal punishments involving amputation of a limb or death), and military authority (banner fief especially).

³⁵ This was not a point Weber developed, but the earlier draft version contained some material on it. See MWG I / 22-4, pp. 290ff.; pp. 694ff. in the 1922 edition.

In anything like pure enfeoffed feudalism, the power enjoyed by those who rule is of course quite precarious, since it relies on a **will** to obedience, and so on a purely personal loyalty on the part of the enfeoffed administrative staff who are **in possession of the means of administration**. There is therefore a chronic latent struggle over the power to rule between the lord and his vassals; an actually ideal-typical enfeoffed administration (as in aa) to ff)) was **nowhere** established, or survived for very long. Instead, where the lord was able, he adopted the following measures:

- aa) The ruler sought to displace the purely personal principle of loyalty either
 - αα) by restricting or prohibiting subinfeudation;

This was employed quite often in the Occident, but frequently by **the administrative staff** in its own power interests. The same was true of the alliance of princes in China from 630 BC onwards.

- ββ) by voiding the fealty of subvassals to their lord in the event of a war against the higher lord; but if possible also
 - γγ) by securing the direct fealty of subvassals with respect to the higher lord.
- bb) The ruler sought to secure his right to **supervise** the organised administration of ruling powers by
 - αα) granting all subjects a right of appeal to him or to his courts;
 - ββ) placing supervisory officials in his **political** vassals' courts;
 - γγ) enforcing his own right to tax all vassals' subjects;
 - δδ) appointing certain officials among **political** vassals;
 - εε) enforcing the principles
- aaa) that all political powers are forfeit to him in his presence, or to any other agent he may designate, and

bbb) that as supreme lord, he may bring any case of his choosing before **his own** court.

The lord can claim or gain these powers from his vassals (or any other agent with appropriated powers) only if

cc) the lord creates his own **administrative staff**, recreates one, or reorganises one. This can be
 αα) patrimonial (with retainers)

This was widespread in the European Middle Ages and in Japan in the *bakufu* of the shogun, which maintained very fine control over the feudal daimyos.

ββ) extrapatrimonial, recruited from the **social rank** of the literati;

Examples are clerical officials (Christian, Brahmin, Kayastha, Buddhist, Lamist, Islamic) or humanists (in China, the Confucian literati). On their specificity and enormous cultural impact, see Chapter 4.³⁶

γγ) **specialised**, in particular, trained in law and military affairs.

This was proposed, in vain, by Wang Au Shi in the eleventh century (although at the time, this was not in opposition to the feudal regime, but to the literati). In the Occident, the civil administration made use of the university schooling of church (through Canon Law) and state (Roman Law, in England through a Common Law that had been rationalised by Roman legal thinking—these represented the seeds of the modern occidental state). Occidental military administration followed a different course, feudal organisation being first replaced by **capitalist** military entrepreneurs (*condottieri*), who were then in turn replaced by territorial princes who from the seventeenth century

³⁶ The fragment of Chapter 4 does not include any discussion of this.

onwards introduced rational financial administration (in England and France this happened earlier).

In the Occident (although not in Japan), this struggle between the lords and the feudal administrative staff was largely coincident with, and in part identical to, the struggle for power with **corporations based on social rank**. In modern times, this everywhere resulted in the lords' victory, and this meant the victory of **bureaucratic administration**, first in the Occident, then in Japan, India, and perhaps in China, initially in the form of foreign conquest. Besides purely historical political constellations, in the Occident it was economic conditions that were determinant, especially: the rise of the **bourgeoisie** (*Bürgertum*) within (occidental) **towns and cities**, and then the competition for power among individual states **through rational** (i.e., bureaucratic) **administration** and fiscally determined alliances with capitalist interests—as will be demonstrated later.³⁷

§12c. Not all “feudalism” is **enfeoffed** feudalism in the occidental sense. Also of significance is above all

A. a fiscally determined feudalism based on **benefices**.

This is typical of the Islamic Near East and India under Mogul rule. By contrast, ancient Chinese feudalism before the time of Shi Huang Ti was at least in part enfeoffed feudalism, although benefices were also involved. Japanese feudalism also involved fiefs, but they were very much subject in the case of the daimyos to quite stringent control on the part of the supreme lord (*bakufu*); the fiefs of the samurai and the *bake* often originated in benefices granted to **court officials** (calculated cadastrally according to the yield from rice rents).

³⁷ No such elaboration appears to have been drafted.

We will talk of benefice feudalism where

- aa) there is the appropriation of **benefices**, hence rents calculated and granted according to **yield**; and
- bb) this appropriation is personal and according to **services** (in principle, although not always in force, and probably associated with **promotion**).

The example here is the Turkish *Sipahi* benefices, at least legally.

But above all:

- cc) this was not primarily a free, individual, and personal relationship of fealty through a **fraternal** contract established **personally** with a lord resulting in the granting of a personal fief; it mainly served **fiscal** purposes linked to an otherwise patrimonial (often sultanic) contributory **organisation**. Usually this was expressed in the grant of a yield estimated cadastrally.

Originally, the feudal system of **enfeoffment** often developed from economic exchanges made purely in kind—the provision of **personal** needs by a political organisation (involving obligations of labour and military service). Its primary purpose was to replace untrained, uneconomic armed bands no longer capable of properly equipping themselves with a trained, fully equipped **army of knights** bound by **personal** honour. The primary source of a feudal system based on **benefices** was usually the transformation of finance to a **monetary** basis (a “reversion” to financing through services in kind). This could take the form of

- αα) shifting the risk of fluctuating income to entrepreneurs (and so a kind of transformation of tax farming),
hence:

aaa) in return for the provision of particular military contingents (knights, probably chariots, armoured troops, supply trains, probably artillery) for the patrimonial prince's army.

In medieval China, quotas for each of the military categories were often assigned territorially.

Either in addition to this, or **solely** through

bbb) meeting the costs of civil administration, and

ccc) payment of a tax to the prince's exchequer.

This frequently happened in India.

Concessions were made so that these obligations might be met:

ddd) the appropriation of political rights of different extent, at first with regular provision for cancellation and subject to repurchase, but actually often **definitively**, given the lack of means.

Those who hold such **definitively** appropriated powers then become **landowners** who in addition often acquire extensive organisational political powers.

This occurred above all in India, where the source of the power over the land by the zamindars, *jagardars*, and *tulukdars* arose in this way. This is also true of large areas of the Near East, as Carl Heinrich Becker has described it (the first to properly identify how Near Eastern forms differed from occidental fiefdom). **Mainly** it involves tax farming; as a secondary effect, "landed property" develops from this. The Romanian "Bojars" are the descendants of the

most mixed society on earth: Jews, Germans, Greeks, and so on, who first appropriated political powers through tax farming.

ββ) It can take the form of the **inability to pay the soldiers of a patrimonial army**, resulting in the usurpation of sources of taxation, which is subsequently legalised through the appropriation of land and subjects to officers and the army.

This was true of the famous Khans of the Caliphate, the source or model of all Oriental appropriation right up to the time of the Mameluke army (which of course was formally a slave army).

This does not always lead to the ordering of benefices according to cadastral principles, but it comes close to that and **can** end up as such.

Whether the fiefs of the Turkish *Sipahi* were closer to benefices than to fiefs will not be discussed at this point: from the **legal** point of view, they were capable of supporting “promotion” according to “service.”

It is clear that the two categories shade imperceptibly into one another and that any **unambiguous** assignment to the one or the other is seldom possible. Moreover, the feudal system of benefices is very close to **pure** prebendialisation, and there are fluid transitions there, too.

Using a somewhat inexact terminology, there are other forms of feudalisms besides that of enfeoffment, which depends on a free **contract** with a **lord**, and that of benefices, which has a fiscal character:

B. so-called polis feudalism, which depended on a real or fictive synoecism³⁸ of landlords in which they enjoyed equal rights, living a purely military life based on a high degree of social honour. Its

³⁸ The merging of villages into a city-state.

economic base is the *cleros*, a plot of land appropriated personally and passed on by individual hereditary succession. It is cultivated by slaves allocated on the basis of social rank and it enables its holder to equip himself.

One can hardly call this “feudalism.” It can be found only in Greece, in fully developed form only in Sparta, and developed from the conditions of the “men’s house”—given the specific conventions of honour based on social rank, and the knightly **life conduct** of these **landowners**. In Rome, the expression *fundus* corresponds to the Greek *cleros*, but there is **no** evidence regarding the organisation of the men’s houses (*curia = co-viria*), which might have taken a similar form.

There is a tendency to dub as “feudal” **all military** strata, institutions, and conventions that are privileged according to social rank. This practice will be avoided here as being quite imprecise.

C. And for the opposite reason, because the fief is there as an object, but

1. is not acquired by virtue of a free contract (fraternisation, neither with a lord nor with those of equal social rank), but instead by virtue of the command of one’s own (patrimonial) lord; **or** perhaps while free,
 2. not acquired on the basis of a noble, knightly **life conduct**, or
 3. neither of these,
- so that there can be

in relation to 1., fiefs held by knights who are, however, **dependants**; or

in relation to 2., fiefs freely acquired by warriors who are not knightly in their conduct; or

in relation to 3., fiefs granted to clients, coloni, and slaves, all of whom are employed as warriors;

and for us, all of these are **benefices**.

Example of 1: Occidental and Oriental household officials; samurai in Japan.

Example of 2: Did occur in the Orient, certainly at first with Ptolemaic soldiers. The fact that subsequently land held for services was appropriated on a hereditary basis, while soldiering became an occupation in itself, is a typical product of the development of a liturgical state.

Example of 3: this is typical of the so-called warrior caste in ancient Egypt, the Mamelukes in medieval Egypt, and various other unfree Oriental and Chinese soldiers who were quite often given land, but not always.

The term “feudalism” is also used very inexactly in the sense of the existence of purely military **social ranks** (who are in this case negatively privileged, at least formally). This will be dealt with in Chapter 4.³⁹

§13. What has been said can leave no room for doubt: organisations dedicated to rule and that belong only to one or the other of the “pure” types so far discussed are very rare. This is even more true since important elements of legal and traditional rule—collegiality, the feudal principle—have either not be dealt with at all, or only touched on in passing. But one thing needs emphasis: that all rule, hence all deference, is founded on a **belief**: the “prestige” attributed to the ruler or rulers. This is seldom unambiguous. In the case of “legal” rule, this is **never** purely legal. Instead, belief in legality is “acquired,” itself conditioned through tradition; violation of that tradition might be fatal for it. And it is also charismatic in a negative sense: striking failures can ruin **any** government, shatter its prestige, and prepare the ground for charismatic revolutions. For monarchies, therefore, lost wars reveal that their charisma lacks “proof”; for republics, wars won can be dangerous, for victorious generals can advance charismatic claims.

There were of course **purely** traditional societies. But they seldom last, and something that they share with bureaucratic rule is that

³⁹ The fragment of Chapter 4 does not contain anything developing this point.

they seldom lack a charismatic **head** whose position is owed to either personal heredity or office (besides in some circumstances having a purely traditional head). **Everyday** economic needs are met under the leadership of traditional rulers, those which were more special (hunting, war booty) under the leadership of charismatic leaders. The idea of the possibility of “statutes” is likewise rather old (mostly legitimated by oracle). But above all, **whenever** the recruitment of administrative staff relies on **extrapatrimonial** sources, a category of official is created that is distinguished from those of legal bureaucracies only in terms of the **ultimate**, not formal, basis of their authority (*Geltung*).

Purely charismatic systems of rule are likewise very rare, as are **purely** hereditary charismatic systems. As the case of Napoleon shows, the most strict bureaucracy **can** develop from charismatic rule, as can all kinds of prebendary and feudal organisations. Terminology and the development of a casuistry can **in no respect** aim to be exhaustive or to reduce historical reality to a schema. Its use is the ability to state what use the application of one or another characterisation of an organisation serves, or which might approximate it, and that itself is a big step forwards.

For all forms of rule, the existence of the administrative staff and the **continuing** action it takes to assure the execution and enforcement of orders is vital to the maintenance of deference. The existence of **this** action is what is **meant** by the word “organisation.” In turn, the **solidarity** of (ideal and material) interests between the administrative staff and the lord is of prime importance. For this relationship, it can be said that a lord supported in this way is stronger than any **individual** member, but weaker than the members **taken together**. For administrative staff members to obstruct a ruler, however, or take conscious action in defiance of him, requires that they deliberately engage in **sociation** (*Vergesellschaftung*) if they are to have any chance of success in undermining the ruler’s direction. Likewise, anybody seeking to break up a system of rule must, to make possible their **own** assumption of rule, create their **own** administrative staff, unless he is able to count on

the connivance and cooperation of the existing staff with respect to the ruler. Solidarity of interests with the lord is **strongest** where the legitimacy of and support for the administrative staff **itself** depends on the ruler. The prospect of evading this solidarity varies from structure to structure. It is most difficult where there is a complete separation from the means of administration: hence, in purely patriarchal systems based only on tradition; in purely patrimonial systems; or in purely bureaucratic systems based on regulations. It is easiest where there has been appropriation by social rank (fiefs, benefices).

Finally, it has to be said that historical reality is a constant, usually latent, struggle **between** a ruler and his administrative staff over the expropriation or appropriation of the one by the other. Of decisive importance in the whole of cultural development was

1. the outcome of this struggle as such;
2. the character of **that** stratum of officials dependent on this outcome that assisted the ruler in **winning** the struggle against feudal or other appropriated powers: ritual literati, clergy, purely secular clients, household officials, legally trained literati, specialist financial officials, and private individuals without formal official status. (On these concepts, see later [discussion].)⁴⁰

These conflicts and developments **therefore** accounted for a good part not only of administrative history but also of the history of cultures, because of the way they defined the nature of **education** and the manner in which hierarchies of **social rank** were formed.

1. Salary, *Chancen* for gain, allowances, and fiefs shackle the staff to their ruler in many different ways and to different degrees. (This is to be dealt with

⁴⁰ In §20 below, the last category is discussed, but otherwise this is probably a reference forwards to a section on *Staatssociologie* that was never drafted.

later.)⁴¹ Common to all of these, however, is the fact that anything that endangers the legitimacy of the ruler who has granted revenues, social power, and honour to an administrative staff, tends also to endanger the **legitimacy** of the revenues so granted and the attribution of social power and honour to the administrative staff. It is for this reason that legitimacy plays a little noticed, but very important role.

2. The recent history of the collapse of hitherto legitimate rule here in Germany is instructive. The war eroded the ties of tradition, while defeat led to a loss of prestige; this combined with a systematic habituation to illegal behaviour that undermined **both** military obedience and work discipline paved the way for the overthrow of the older system of rule. On the other hand, the fact that the existing administration simply continued to function, and its orders remained in force under the new authorities is an excellent example of the way bureaucratic rationality establishes an inescapable bond between the individual members of this staff and their material function. As has been mentioned, the reason for this was not **only** related to the private economic interests of its members—a desire to hold on to their position, salary, and pension (however understandable that might have been for the mass of officials)—but equally to a **material** (ideological) interest: that the breakdown of the administration under present conditions would have meant a breakdown in supplying the entire population (including the officials themselves) with the most elementary daily requirements. It was for this reason that appeals to the officials' (material) "sense of obligation" were treated as an objective necessity even by the former legitimate powers and their sympathisers.

3. The course of the present unrest created a new administrative staff in the form of the workers' and soldiers' councils. Quite how these new staffs were to be created was something that had to be "invented," and was also related to wartime conditions (who had weapons), a factor without which the revolution would not have been possible at all (more about this and its historical analogies later).⁴² Only the emergence of charismatic leaders in confrontation with the legal authorities and the creation of a charismatic following made possible the seizure of power, while it was secured and sustained by specialised

⁴¹ While this is discussed in the older drafts (MWG I/22-4, pp. 295–311; pp. 697–702 in the 1922 edition), no newer material exists.

⁴² A reference to later (unwritten) chapters mentioned below.

administrators. Formerly, every revolution attempted under modern conditions foundered because of the indispensability of expert administrators and the absence of its own dedicated staff. The preconditions for all previous revolutionary scenarios varied greatly (see the chapter on the theory of revolutionary change).⁴³

4. In the past, and under very different circumstances, rulers have been overthrown on the initiative of administrative staff (see the chapter on the theory of revolutionary change). A precondition for such overthrow was always the sociation of staff members, which often assumed the form of a partial conspiracy, or instead more that of fraternal bonding and sociation. The modern official's conditions of existence renders this very difficult to effect, although as Russian developments show, it is not entirely impossible. As a rule, their efforts are no more significant than what workers wish to achieve, and are able to accomplish, through (normal) strikes.

5. The patrimonial character of officialdom is expressed above all by the way that acceptance of a personal relationship of subordination as a client is required (*puer regis* in the Carolingian system, *a familiaris* under the Angevins). Survivals of this have persisted for a very long time.

7.⁴⁴ The Antiauthoritarian Transformation of Charisma

§14. The principle of charismatic legitimacy is authoritarian in principle, but it can be reinterpreted in an antiauthoritarian manner. Actual **recognition** of charismatic authority by the ruled is in fact based entirely on the acceptance of a "personal proof," acceptance of which with respect to the person considered charismatic and **hence** legitimate is, however, obligatory. With the increasing rationalisation of organisational relationships, this acceptance tends to be seen not as the consequence of legitimacy, but as its **basis (democratic legitimacy)**, and the designation of a successor by an administrative staff is treated as a "preliminary election" or by a predecessor as a "proposal," and recognition by the community itself as an "election." A ruler legitimated by virtue

⁴³ This would have been an entirely new departure.

⁴⁴ In *WuG*, this was erroneously numbered 6, instead of 7.

of his own charisma then becomes a ruler by grace of those who follow him, since the latter are (formally) free to select and put in power whomever they like, and perhaps even depose him, which would be the consequence of a loss of legitimacy following the loss of his charisma and its personal proof. The ruler is now the **freely elected leader**. The **recognition** of charismatic judicial decisions on the part of the community then develops into the idea that the community is free to create, accept, and abolish laws just as it likes, whether in general or in a particular case. However, while cases arising from dispute over “appropriate” law in the case of genuinely charismatic rule are often in fact settled by communal decision, this happens under the psychological pressure of a sense that there is only **one** obligatory and correct decision. In this way, the treatment of law approaches the **legal** conception. The most important transitional type is **plebiscitary rule**, the commonest examples of which are the “party leaders” of the modern state. It does, however, emerge everywhere that the leader feels legitimated as a representative of the **masses**, and is recognised as such. The most effective means for such recognition is the plebiscite. In the classic cases of both Napoleon Bonaparte and Louis Napoleon, this is employed **after** the violent seizure of state power, and Louis Napoleon used it after he had suffered a loss of prestige. Here it is not important what its real value as an expression of popular will is; **formally**, it is the specific means of deriving the legitimacy of rule from the freely given trust of **those who are ruled**, even though this be only formal, or possibly a fiction.

Once the principle of “election” has been applied to rulers as a re-definition of charisma, it can also be applied to an administrative staff. **Elected** officials whose legitimacy derives from the trust of the ruled, and so are liable to removal if they lose this trust, are typical of “democracies” of a particular kind, for instance that in America. They are **not** “bureaucratic” figures. Because they have an independent source of legitimacy, they are not strongly integrated into a hierarchical order. Their *Chancen* of “promotion” or employment cannot be influenced by their “superiors” (there are

analogies in cases where there are several qualitatively separated charismata, as exist, for example, between the Dalai Lama and Taschi Lama). An administration formed on this basis is as a “precise instrument” technically far inferior to a bureaucratic administration composed of **appointed** officials.

1. “Plebiscitary democracy,” the most important type of “leader democracy,” is in its real sense a form of charismatic rule concealed by the **formality** that legitimacy is derived from the will of the ruled, and is only by virtue of this capable of being sustained. The leader (the demagogue) actually rules by virtue of the devotion and trust of his political following to his **person** as such. In the first instance, this extends to those recruited to his following, but if this gives him power, it can be extended throughout the organisation. The type is exemplified by the dictators of ancient and modern revolutions: the Hellenic *aisymnetes*, tyrants, and demagogues; in Rome, Gracchus and his successors; in the Italian states, the *capitani del popolo* and mayors; in Germany, the Zürich democratic dictatorship; in the modern state, Cromwell’s dictatorship, the leaders of the French Revolution, and the French plebiscitary First and Second Empires. Wherever legitimacy for this kind of rule is sought, it makes use of plebiscitary recognition by the sovereign people. Personal administrative staff was recruited on a charismatical basis from among talented plebeians (in the case of Cromwell, due attention was given to religious qualifications; in the case of Robespierre, personal reliability combined with certain “ethical” qualities; and for Napoleon, the entire focus was on their personal talent and utility for the aims of the imperial “rule of genius”). At the heights of revolutionary dictatorship, this took the form of administration purely through revocable mandates (as with the role of agents in the Committee of Public Safety). When certain kinds of communal “dictators” have been swept into power by the reform movement in American cities, they have generally been allowed to appoint their **own** staff. Both traditional and formal legitimacy are equally ignored by revolutionary dictatorship. The tendency under patriarchal rule has been to work according to principles of material justice, utilitarian aims, and state interests. Parallel to this are the workings of revolutionary tribunals, together with the substantive postulates of justice espoused by radical democracies, whether in antiquity or in modern

socialism (this will be dealt with in the sociology of law).⁴⁵ The routinisation of revolutionary charisma then brings about changes similar to those in the corresponding process—hence, in England the development of a professional army as a residue of the voluntary principle embraced during the civil war, and in France the prefectorial system as a residue of the charismatic administration of the revolutionary plebiscitary dictatorship.

2. The elected **official** everywhere implies the radical redefinition of the ruling position of the charismatic ruler as that of a “servant” of the ruled. There is no place for such a type in a technically rational bureaucracy. Since he is not appointed by his “superiors,” nor relies on them for his *Chancen* of promotion, but instead owes his appointment to the favour of the ruled, he has little interest in prompt discipline and earning the praise of his superior: he therefore functions as in “autocephalous” rule. As a rule, then, high-quality technical work should not therefore be expected from an elected administrative staff. (Examples are the comparison of elected officials of the American states with appointed federal officials, together with the experience of communally elected officials as against the committees appointed at the discretion of directly elected reforming mayors.) The type of plebiscitary leadership democracy contrasts with that of the leaderless democracy that shall be discussed later, characterised by the effort to **minimise the rule** of man by man.

Leadership democracy is therefore generally characterised by a naturally emotional dedication to and trust in the leader, which tends to result in an inclination to follow the most extraordinary, most promising leader who deploys the most attractive means of persuasion. This is the natural basis of the utopian element in all revolutions. And this also accounts for the limitation of rationality in this form of administration in modern times, which even in America did not always live up to expectations.

Relationship to the economy:

1. The antiauthoritarian redefinition of charisma normally involves a shift towards rationality. The plebiscitary ruler

⁴⁵ While some elements of this can be found in the older version of the sociology of law (MWG I/22-3, pp. 603–9, *WuG*, pp. 495ff.), no more recent material has survived.

usually seeks support in an official staff able to work in a prompt and efficient manner. The ruler will aim to win acceptance of “proof” of his charisma among those over whom he rules, **either** by military glory **or** by improving their material welfare, in some cases pursuing both aims jointly. His primary objective will be the destruction of traditional, feudal, patrimonial, or other authoritarian powers and privileges; he secondary aim will be to create economic interests associated with his person through the solidarity of legitimacy. To the extent that he makes use of the formality and legalisation provided by the law, he is in so doing **able** to actively promote “formally” rational economic organisation.

2. The (formal) rationality of the economy is easily weakened by plebiscitary powers, since its legitimacy depends on the belief and devotion of the masses, and this impels it in a different direction, forcing it to implement substantive principles of justice economically. This therefore undermines the formal character of justice and administration, and elevates judicial partiality in the form of revolutionary tribunals, allocation by coupon, and all kinds of rationing and supervision in production and consumption. In this respect, the ruler is a **social** dictator, something that is not necessarily only a function of modern socialist forms. This is not yet the place to discuss when it is such a function, and to what results it leads.
3. **Elected officials** are a source of disturbance for the formally rational economy because they are often party officials rather than professional specialists, and also because the *Chancen* of their being dismissed or not reelected hinder the pursuit of strictly objective judicial and administrative aims without regard for the consequences. There is, however, only one instance in which this is **not** an obvious impediment to (formally) rational economic organisation: where the technical and economic advances made by older cultures can be applied to the economic exploitation of **new** areas, and where the means of production have not yet been

appropriated. This provides the *Chancen* that there will be a sufficient margin to take into account the costs generated by the almost inevitable corruption of elected officials, and so despite this, make large-scale profits.

For Section 1, Bonapartism is the classical paradigm. Napoleon Bonaparte introduced the Napoleonic Code [Code Napoléon] with compulsory partible inheritance, destroying all established powers. He did, on the other hand, distribute fiefs to the meritorious, such that the soldier got everything and the citizen nothing, so there was glory, and on the whole, the petty bourgeoisie did tolerably well. Napoleon III adopted Louis Philippe's principle of *enrichissez-vous* and promoted large building projects, but the development of Crédit mobilier ended badly, as we know.

For Section 2, the classical example is Greek "democracy" during the period of Pericles and after. Trials were not, as in Rome, determined by juries bound by the instruction of the praetor or by legal provision, and decided by formal law. In Greece, decisions were made in terms of "substantive" justice—in truth, the courts were swayed by weeping, flattery, demagogic invective, and witticisms (consider the Attic rhetoricians' "trial speeches"; in Rome, the sole analogy is the political trial, in which Cicero took part). The upshot for Greece was the impossibility of developing **formal** law and a body of **formal** legal science on the Roman model. The Greek court was just as much a "People's Court" as the "revolutionary tribunals" of the French Revolution and of the 1919 Bavarian Soviet Republic, which in no respect **con-fined themselves** to bringing politically relevant trials before their lay members. By contrast, no English revolution ever moved to intervene in the judiciary, **besides for** highly political cases. While justices of the peace were indeed highly discriminatory, this was only the case where the interests of the propertied class were at stake.

For Section 3, the North American Union is the paradigm. Sixteen years ago, Anglo-American workers answered my question: "Why do you so often allow yourselves to be governed by corruptible party officials?" by arguing that "our big country" offered so many *Chancen* that, even if millions were stolen, extorted, or embezzled, there was still enough left, and that such "professionals" were a caste on whom "we" (the workers) spit, as opposed to the German kind of specialised official, who would "spit on the worker."

Details of these connections with the economy will be treated in detail below, and not here.⁴⁶

8. Collegiality and the Separation of Powers

§15. Rule can be circumscribed or limited by special traditional or rational means.

The fact of limitation of rule **as such**, through being bound by tradition or statute, is not here at issue, having been dealt with in §3 above. Here we are concerned with **specific social relationships** and organisations that limit rule.

1. Patrimonial or feudal rule is limited by privileges of social rank, to the greatest extent by the **separation of powers by social rank** (§8)—these relationships have already been discussed.
2. Bureaucratic rule can be limited (and where the legal type is most fully developed, it must normally be so limited, so that rule can take place only according to **rules**) by agencies that have a right to exist alongside the bureaucratic hierarchy, and which:
 - a) supervise and possibly check adherence to statutes; or
 - b) have a monopoly of the creation of all statutes, or of the scope of those relevant to the freedom of officials to make dispositions as they see fit; perhaps, and most importantly,
 - c) monopolise the granting of authorisation for the means needed by the administration.

There will be separate discussion of this below (§16).

3. Any form of rule can be stripped of its monocratic character, bound to **one** person, by the principle of **collegiality**. This can itself take different forms, however:

⁴⁶ There is no further discussion of this.

- a) **Alongside** monocratic incumbents of the power to rule there will be other, equally monocratic incumbents possessing through tradition or statute the effective possibility of deferring or nullifying measures introduced by the former (collegial veto).

The most important examples are the Roman tribune (and originally the ephors of Greek antiquity); the medieval *capitano del popolo*; the German workers' and soldier's councils in the period following 9 November 1918 until the regular administration was freed from the need to have its measures "countersigned" by these councils.

Or

- b) The exact opposite: **agencies** that are not monocratic make dispositions following consultation and taking a vote, such that, according to statute, a majority of individuals have to collaborate to achieve a binding disposition, and this cannot be done by one individual acting alone (functional collegiality). Agreement can be either
 - α) unanimous or
 - β) by majority.
- c) Case a) (collegial veto) corresponds in effect to the instance where, to weaken monocratic power, there are **several** monocratic incumbents with equal powers and without specification of function. Mechanical means are used (lots, rotation, oracle, and intervention of supervisory agencies as in 2a) where there is competition over who should settle the matter, with the upshot that each incumbent has a veto against all the others.

The most important case here is the Roman example of the collegiality of the legitimate magistracy (consul, praetor).

- d) Closely related to case b) (functional collegiality) is the case where in an agency there is a **substantive** monocratic first among equals, but decrees are normally supposed to be issued after **consultation** with other **formally** equal members; differences of opinion in **important** cases result in withdrawals by individual members of the collegium and its consequent collapse, endangering the position of the monocratic ruler (functional collegiality with a preeminent director).

The most important case is the position of the British Prime Minister with respect to his cabinet. As is well known, this has changed very much over time. The formulation given above does, however, cover most cases during the era of cabinet government.

Advisory collegial bodies **alongside** monocratic rulers do not necessarily weaken their rule, but quite possibly **temper** it through rationalisation. Nonetheless, they **can**, in effect, gain the upper hand over rulers. This is especially true if their position is owed to **social rank**. The principal cases are as follows:

- e) there is a further case closely related to d) above: that a formally **advisory** body is assigned to a **monocratic** ruler who is not bound in any way by their decisions, but who, by tradition or statute, is obliged to canvas their (formally nonbinding) advice, being answerable to them if, in disregarding their advice, he is led into **failure**.

The most important case: the assignment of the Roman Senate to the magistracy in an advisory capacity, the former in fact developing its power over the magistracy through its control of finance. The advisory role was **more or less** the original idea. But given the actual control of **finances**, but even more, the equivalent social rank of senators and (formally) elected officials, this led to the Senate's decisions being **binding** on the magistracy: the statement *si eis*

placeret expressing the nonbinding nature of their advice later became the “if you please” that we use today for urgent directives.

f) Another variation is the case where an agency has the **scope of its collegiality specified**: the entrustment of preparation and presentation to a specialist competent in particular elements of the business—or possibly to different specialists for the same matter—while the decision is made by all those taking part.

In the majority of state councils or similar bodies in the past, this was more or less always the case (as, e.g., in the British Privy Council in the period before cabinet government). They never expropriated the prince, however great their power might have been. On the contrary, in some cases the prince resorted to the State Council to free himself of **cabinet** government (of party leaders). This was attempted in England, but without success. By contrast, the type applies **quite well** to the specialised ministers found in hereditary charismatic or plebiscitary (American) cases, where **rulers** (kings or presidents) have made appointments with the intention of supporting **their own** position.

g) Specified collegiality can involve a **merely** advisory body, whose votes and objections are laid before the **ruler** for his free decision (as in c)).

The difference is then only that here the **functional** specification is implemented with the highest degree of consistency. This is exemplified by the **Prussian** practice under Friedrich Wilhelm I. This arrangement always **supports** the power of the ruler.

h) Rationally specified collegiality is most sharply opposed to the traditional collegiality of “elders,” whose collegial discussion is treated as a process of ascertaining **authentically** traditional

law, and quite possibly, as a means of maintaining tradition through a power of veto in the face of statutes that undermine tradition.

Examples: many of the *gerousia* in antiquity, the Aeropagus in Athens, the *patres* in Rome (although of course predominantly Type 1; see below).

i) A weakening of rule can be brought about by applying the collegial principle to the (formally, or substantively) **supreme**, most decisive instance—the ruler himself. Many of the types found resemble those discussed in d) to g) above. Individual responsibilities can be assumed either (a) in turn, or (b) as the permanent “area” of individuals. Collegiality lasts as long as legitimate dispositions require the formal participation of all involved.

The most important examples: the Swiss Federal Council, where the distribution of responsibilities is not clearly specified and they are fulfilled by members in rotation; the revolutionary councils of “People’s Commissars” in Russia and Hungary, and for a time in Germany; from the past, the Venetian “Council of Eleven,” and of female elders.

Many cases of collegiality within **patrimonial** or feudal ruling organisations are either

- α) cases of the separation of powers according to social rank (collegial organisation of an administrative staff whose members enjoy a particular social rank, or of those enjoying a particular social rank who have appropriated such positions); or
- β) cases where the ruler has organised solidaristic collegial representation of patrimonial officials to

counterbalance sociated and privileged holders of power—councils of state as in f) above.

- γ) cases of advisory, and in some circumstances, executive bodies over which the ruler presides or attends, or at least whose discussions and votes the ruler is apprised, and which by virtue of their composition partly
 - αα) of specialists and
 - ββ) of persons whose social rank leant them specific special prestige

The ruler might hope, given the rising weight of specialist demands, to supplement his increasingly *dilettantist* knowledge and so retain the prospect of reaching his *own* reasoned decision (case g) above).

In the cases included under γ, the ruler naturally lays due weight on the representation of views that are as diverse, and perhaps contrasting, as possible, these being made up of

- αα) expert opinions, and
- ββ) interests, so that he might remain
 1. comprehensively informed, and in a position also to
 2. allow contrasting positions to play out one against the other.

In case β), the ruler by contrast often (although not always) values uniformity in opinions and positions adopted. (This is the source of “solidaristic” ministries and cabinets in so-called constitutional states, or those states based on the separation of powers.)

In the case of α), the collegium representing the appropriation values unanimity and solidarity, but is not always able to achieve this, since every appropriation effected through the privilege of social rank collides with special interests.

Typical of α) are assemblies and committees based on social rank, plus the frequent vassal assemblies that preceded them even beyond the Occident

([e.g., in] China). Typical of β) are the first thoroughly collegial agencies of an emergent modern monarchy, composed for the most part, although not exclusively, of lawyers and financial experts. Typical of γ) are state councils for many widely scattered monarchies, as well as the emergent occidental monarchy (right into the eighteenth century, an archbishop sometimes had a seat in the British cabinet); these monarchies had their own councils that combined the nobility with expert officials.

Conflicts of interests among the various social ranks and their orders made it possible for rulers to profit from his struggles with them. While k) is “collegial,” superficially it **can** also involve sociations, in which representatives have to operate as **delegates** for mutually opposing political or substantive interests if they are, through **compromise** between these interests, to **reconcile** these opposing interests (compromise collegiality in contrast to a collegiality based on votes cast in parliament or office).

This occurs in a crude form where there is separation of powers by social rank and where decisions are **always** made through compromises between the privileged (see the discussion shortly).⁴⁷ In a rationalised form, it is possible through the selection of delegates according to their permanent social or class rank (see Chapter 4), or their current diverging interests. In a body like this, so long as it has this character, taking a vote can play no role, for it involves either

- α) an **agreed** compromise between interests, or
- β) a compromise imposed by the ruler after he has **given a hearing** to the positions taken by the different interested parties.

⁴⁷ It is not clear exactly what this refers to.

More detail will be given later on the unique structure of the so-called state based on social rank.⁴⁸ Relevant here are the **separation** of assemblies (in England “Lords” and “Commons,” while the Church had its own separate “convocations”; the division among nobility, clergy, and the Third Estate in France; the numerous distinctions among the German *Stände*), together with the need to engage in **compromise**—initially within the individual groups, then between them—if any decisions were to be made, decisions which the ruler often treated as nonbinding proposals. The recent revival of the idea of guilds representing occupations (see §22 below) suffers from a failure to recognise that here **compromise**, not agreement, is the sole proper means. Within **free** workers’ councils, matters are dealt with as if they were issues of power arising from economic conditions, and not questions on which one should vote.

l) There is, finally, a related case: collegiality by **poll** where several hitherto autocephalous and autonomous organisations merge to form a new organisation, and in so doing establish a (structured) right to influence decisions by the **appropriation** of votes to their leader or their delegates (fusion collegiality).

Examples: the representation of phylae, phratries, and clans in the councils of antiquity, the medieval clan organisation during the consulate period, the popular councils of the guilds, the delegates of craft unions in the council of a federation of trade unions, the “Federal Council” or Senate in federal states, the distribution of appointments to cabinet posts in coalition governments (at a maximum: appointment by proportion, as in Switzerland).

m) Collegiality in electing **parliamentary** representatives has a particular character that can be dealt with separately.⁴⁹ This is based on **either**

α) leadership, so that members are followers; or

⁴⁸ There is no specific discussion of this either in the remainder of Chapter 3 or the fragment of Chapter 4. Some remarks can be found in the older draft, MWG I/22-4, pp. 411–13, *WuG*, pp. 736–39.

⁴⁹ This is possibly a reference to a later section on *Staatssoziologie*.

β) the collegial organisation of business on a **party** basis, which then becomes “leaderless parliamentarianism.”

For this, however, a discussion of **parties** is necessary.

Collegiality—apart from the monocratic type of collegiality where there is a mutual veto—almost inevitably inhibits **precise**, unambiguous, and in particular, **rapid** decision making (and in its irrational forms, it obstructs technical expertise). However, this outcome was not especially unwelcome for princes when they first introduced specialised officials. In time, however, this obstruction has been reduced, as the speed with which decisions had to be made and actions undertaken increased. Where collegial instances had **executive** authority, the power of leading members was generally consolidated as formal and substantive preeminence (as a bishop, a pope, the prime minister of a cabinet). Any interest in reviving the principle of executive collegiality usually originated in an interest in weakening the ruler’s position. Mistrust and resentment of monocratic leadership is less commonly found among the ruled, who for the most part call for a “leader,” than among the administrative staff members. And this is by no means only a matter relating to those lacking in privilege, but is **precisely** something that originates among privileged strata. There is nothing at all especially “democratic” about collegiality. Wherever the privileged have sought to secure themselves from the threat of the underprivileged they have always sought to prevent the emergence of a monocratic ruler who could find support among the underprivileged. While they have therefore sought to enforce strict **equality** among the privileged strata (this is dealt with separately in the following paragraph),⁵⁰ they have created and maintained collegial bodies with supervisory and exclusive decision-making functions.

⁵⁰ There is in fact no further treatment of this issue in §16.

Types: Sparta; Venice; the Roman Senate before the Gracchi and Sulla; England repeatedly in the eighteenth century; Bern and other Swiss cantons; medieval clan cities with collegial consuls; the Mercadanza, which included merchant but not craft guilds—the last of these very easily fell prey to the nobility.

Collegiality secures a greater degree of “thoroughness” in administrative deliberations. Where thoroughness is preferred, even if at the cost of precision and speed, collegiality still tends to be preferred today, because of this and the other factors mentioned above. Nonetheless, it **divides** responsibility, and in large bodies all personal responsibility vanishes entirely, whereas monocracy establishes responsibility in a clear and indubitable manner. Large tasks that require quick and consistent decisions are on the whole—from a technical point of view, quite properly—put in the hands of monocratic “dictators,” who carry **sole** responsibility for them.

It is impossible for mass states to conduct powerful, coherent, and **effective** domestic and foreign policy on a collegial basis. The “dictatorship of the proletariat” as a means of socialising society does actually need a “**dictator**” who owes his position to the trust of the masses. It is not that “the masses” would not want this, but rather that parliament and party, or those in charge of “councils” cannot, and do not want to, stomach this. Only in Russia has such a dictatorship emerged with the support of the **military** and with the strong support of newly appropriated **peasants**.

The following in part summarises and in part supplements what has already been said.

Collegiality has had, historically, a dual meaning:

a) first, plural appointments to the same office, or a number of offices with similar competences competing with each other, each with the power of veto over the other. This involves a technical separation of powers to minimise rule. This sense of “collegiality” was most directly reflected in the Roman magistracy, where every official act was subject to intercession by a magistrate, so that the rule of individual magistrates might be weakened. In this way, each individual magistrate **remained** an individual, and the magistracy was composed of such individuals.

b) second, a collegial decision-making process: the legitimate formulation of a command only by the cooperation of several persons, requiring either unanimity or a majority. This is the modern concept of collegiality, although not one unknown in antiquity. It can be either (1) collegiality of the supreme command and so rule itself; (2) executive collegiality; or (3) the collegiality of advisory agencies.

1. Collegiality of **management** can be based on

α) the fact that the ruling organisation concerned is based on a sociation or a communalisation (*Vergemeinschaftung*) of several autocephalous ruling organisations, all of which demand their social share of power (synoecism in antiquity, wherein collegial councils were organised by clans, phratries, and phylae; medieval town organisations representing noble families; the medieval guild organisation in the Mercadanza with the women's council or guild deputies; the "Federal Council" in modern federal states; the effective collegiality of ministries or high-level government ministers appointed by party coalitions [at a maximum: appointment by proportion, as in Switzerland]). Collegiality is thus here a special case of the principle of representation applied to social rank or canton. Or:

β) for the want of a leader, jealousy among those competing for the position of leader, or, alternatively, efforts on the part of those who are ruled to minimise the rule of one individual. For a mixture of these reasons, this has happened in the course of most revolutions, both as a "council" of officers and as one linked to soldiers in revolt, or as in the Committee of Public Safety or the council of "popular representatives." In a normal peacetime administration, it has nearly always been the latter motive that has been the deciding factor—antipathy with regard to an individual "strongman" for the collegiality of high-level agencies. This has happened in Switzerland and, for example, in the new Baden Constitution (in this case, it was the socialists who expressed this antipathy: they sacrificed the strict administrative unity needed for socialisation for fear of creating an "elective monarchy"). The most important influence here was the animus against leaders on the part of party **officials** (in trade unions, party and constituency). Or,

γ) on the "honorary" nature of social rank dictating the assignment of leadership positions, as the product of aristocratic rule based on social rank. Every privileged stratum in this system of ranks fears a leader supported by

the emotional devotion of the masses at least as much as a democracy that is inimical to such leadership. The rule of the Senate, and the actual attempts to rule through united councils are part of this, likewise the Venetian and other constitutions. Or

δ) in the struggle of princes against increasing expropriation by **specialised** administrative officials. Modern administrative organisations always began at the **highest level** of occidental states with collegial agencies—as with, incidentally, the exemplary development of the Orient's patrimonial state: China, Persia, the Caliphate, the Ottoman Empire. The prince not only sought to avoid any one person's development of a position of power but hoped above all to keep decision making in his own hands through the system of voting and countervoting in a collegium, and since he was increasingly a dilettante lacking specialist knowledge, he hoped in this way to better maintain the necessary oversight of administration rather than deferring to the power of individual officials. (The function of the highest authorities lay initially with collegial bodies that played the role of something between counsel and executive. It was only with the especially irrational and independent intervention of princes in financial matters that specialist officials intervened, as with the reform of Emperor Maximilian, and here the prince had to concede for very pressing reasons.) Or,

ε) in the hope that collegial deliberation might balance out specialist expertise and diverging material or personal interests, thus making compromise possible. Hence, for instance, in the direction of communal administration, which was on the one hand at the local level open to oversight, which rendered major technical problems more evident, while such communal administration did naturally tend to depend more on compromises between material interests—so long, that is, as the **masses** acquiesced to the rule of those strata privileged by the possession of property and education. The collegiality of ministries has similar technical foundations: where it is absent, such as in Russia, and although less markedly, in the German Empire of the former regime, it was never possible to develop an effective degree of solidarity between government agencies. Instead, there was perpetual conflict around resources and competences.

The reasons given under α, γ, and δ are purely historical in character. The modern development of bureaucratic rule has everywhere led in **mass** organisations—whether state or city organisations—to a weakening of colle-

giality in effective **direction**. For quite unavoidably, collegiality reduces (1) promptness of decision; (2) unity of leadership; (3) clear personal responsibility, ruthlessness externally, and the maintenance of internal discipline. Hence, for these and economic and technological reasons that will be discussed later,⁵¹ where collegiality survived in mass states involved in world politics it was eroded in favour of the prominence of a political **leader** (or a prime minister). It was much the same in nearly all large-scale patrimonial organisations, especially the strictly sultanic variants—there was always a need for a leading personality (the Grand Vizier) besides the prince, so long as no court favourite took his place. **One** person has to assume **responsibility**. **Legally**, the prince was not this person.

2. The collegiality of **executive** agencies was intended to support objectivity and, above all, the integrity of the administration; in the interest of these objectives, the power of individuals was to be weakened. It has, however, almost universally given way to the technical superiority of monoc-racy, and for the same reasons (this is what happened in Prussia during the “governments”).

3. The collegiality of bodies confined to an **advisory** capacity has always existed, and will certainly continue to do so. This is very important from the viewpoint of historical development (as will be mentioned at the proper place);⁵² especially in those cases where the “counsel” offered the magistrate or prince was for all intents and purposes “binding.” This needs no discussion in this casuistry.

By “collegiality,” here is always meant “collegiality of **rule**”: by agencies that either themselves administer or directly influence administration through the advice they give. As has been indicated above, the behaviour of parliamentary **assemblies**, or of those based on social rank, will not yet be discussed.⁵³

Historically, collegiality is behind the initial elaboration of the concept of “agency” (*Behörde*), since it was always associated with the **separation** of “bureau” from “the household” (of its members), of a private staff

⁵¹ This point was never elaborated.

⁵² There is a corresponding passage in the draft (see MWG I/22-4, pp. 221–28, *WuG*, pp. 673–76), but nothing more recent.

⁵³ There was no further discussion of this point.

from an official staff, and of administrative resources from private wealth. For that reason, it is no coincidence that the **modern** administrative history of the occident begins with the development of collegial agencies composed of specialised officials, just like every enduring **order** did in its own way: whether patrimonial, feudal, based on social rank, or any other traditional political organisation. It was in particular only collegial, quite possibly solidaristic, corporate bodies that were able to effect the gradual political expropriation of an occidental prince who was becoming a “dilettante.” All other things being equal, for individual officials it was likely that, faced with irrational instructions from the prince, personal obedience would outweigh dedicated resistance. While the prince recognised the transition to a system based on specialised officials as inevitable, the usual response was to develop in response an **advisory** collegial system (councils of state) where the balance to be struck between votes for and against any one measure enabled the prince to remain in control, despite being a dilettante. Only after a rational, specialised body of officials was finally and irrevocably victorious was the need felt for the solidarity of the highest collegial bodies, and of parliaments in particular (see §21); this was effected through the monocratic leadership of a prime minister who was both **backed** by the prince, and who provided backing to him. It was in this way that the general tendency to monocracy and to bureaucratic administration prevailed.

1. The importance of collegiality to the emergence of modern administration can be easily judged from the struggle between Emperor Maximilian and his own financial administration. The latter had been created at a time of acute danger from Turkish invasions, but the emperor persisted in going over the heads of his officials and arbitrarily issuing instructions and pledging securities for loans. The expropriation of the prince began through **financial** problems, **here** for the first time involving matters in which the prince **lacked** political expertise—he became a dilettante. This first occurred in the Italian city-states with their commercially organised accounting systems, then in French Burgundy, then in the German territorial states, and developing independently of this among the Normans in Sicily and in England (Exchequer). In the Orient, the divan played a similar

role, as did the yamen in China, the *bakufu* in Japan, and the Senate in Rome (in Rome, the absence of rationally trained specialist officials led to a reliance on the empirical knowledge of “elder” officials, so that bureaucratisation did not play a leading role).

2. Collegiality played a similar role in the separation of the private household and official administration, as did large voluntary trading companies in the separation of household and economic enterprise, wealth and capital.

§16. Political power (*Herrengewalt*) can be further moderated by

4.⁵⁴ the **functionally specific separation of powers**: the transfer of various specific “functions”—if effected legally (**constitutional separation of powers**), then functions that are defined **rationally**—as political powers (*Herrengewalten*) to **different** incumbents in such a way that directives related to matters involving several such incumbents can only be realised legitimately through compromise between them.

1. The “functionally specific” separation of powers can be contrasted with a separation of powers in a system of social ranks. In the former, political powers are distributed according to their **objective** character among incumbents differentiated according to power and supervisory capacity. This is done “constitutionally,” although that does not necessarily mean that it is done according to a statutory and written constitution. Distribution is made in one of two ways: either by ensuring that **distinct** dispositions are the responsibility of different incumbents, or by ensuring that dispositions **of the same** kind can only be legitimately made through the cooperation of **several** political incumbents—through a compromise that is more than a formal procedure. It is not “**competences**” that are here distributed, but “**political rights**” (*Herrenrechte*).

⁵⁴ In relation to §15.3 above; *WuG*, p. 165, misnumbers this as §16.3.

2. The functionally specific separation of powers is not **necessarily** modern. Here we have the distinction between independent political and independent hierocratic power—instead of Caesaropapism or theocracy.⁵⁵ The specific competences of the Roman magistracy **can** also be regarded as a kind of separation of powers; likewise, the specific charisma of the *ama*, and the effectively independent position of the Chinese (Confucian) Hanlin Academy and of the “censors” with respect to the monarch. It was also usual in patrimonial states, as in the Roman Principate, to separate judiciary and civil finance from the military in the lower levels of the staff. And lastly, of course, every kind of distribution of competences. However, the concept of “separation of powers” then loses all precision; for practical purposes, it is better to reserve the term for the separation of the highest level of **political power itself**. If this is done, then the rational form of separation of powers, laid down constitutionally by statute, is entirely modern. Any budget in a “constitutional” state, but not necessarily a parliamentary state, can only be concluded by a **compromise** between the legal authorities (the crown and one or more representative chambers). Historically, Europe developed from a separation of powers in a system of **social ranks**, theoretically founded in England by Montesquieu, and then later, Burke. Going further back, the separation of powers developed from the appropriation of political powers and administrative means to the privileged, and also from increasing financial needs, whether these were regular and administrative, arising from social and economic pressures, or irregular, primarily arising from warfare. In these cases, the ruler could do nothing without the consent of the privileged, nor often in their view, should he do anything. Compromise was needed, and the consent of the assemblies, necessary. From this there arose historically the negotiation of a budget compromise and compromise over statutes—neither of which belong to the separation of powers in a system of social ranks as they do in the constitutional system.

3. The constitutional separation of powers is a specifically unstable structure. The **genuine** structure of rule is defined by answering the question: What **would** happen if a statutorily correct and vital compromise (e.g., over the

⁵⁵ Both are combinations of secular and spiritual power: in the former, the secular power assumes spiritual power; in the latter, it is the reverse.

budget) was **not** arrived at. Today, a king ruling England without a budget would risk his crown, but a governing Prussian king would not, since in the prerevolutionary German Empire **dynastic** powers were decisive.

§17. Relationships to the economy. 1. **Collegiality** with rationally defined functions in legal **agencies** can increase the objectivity and personal detachment with which dispositions are made, and so advantage the conditions of existence of rational economic organisation, even when a reduction in the precision with which functions are carried out occurs. The very large capitalist potentates of the present day, just like those of the past, favour monopoly as an organisational form—in politics as in all those matters important for them in life. They consider it to be more “discreet,” more accessible personally, lending greater access to justice and administration for the interests of the powerful—and rightly so, in German experience. By contrast, collegiality involving a right of veto, and collegial agencies arising from irrational appropriation or the power of a traditional administrative staff, can have irrational consequences. The collegiality of financial authorities associated with the emergence of **specialised** officials has, on the whole, been of very great advantage to the rationalisation of the economy.

The monocratic American party **boss**, and **not** a party administration that is often collegial, is a “good thing” as far as the party’s financial patrons are concerned. He is for **this reason** indispensable. In Germany, large sections of so-called heavy industry have supported the rule of bureaucracy, and **not** a parliamentary system that has so far in Germany been administered collegially: and for the same reason.

2. As in any appropriation, separation of powers **tends** to create definite, if not yet rational, responsibilities, and in so doing introduces an element of “calculability” into agencies’ functioning. In this way, it favours the (formal) rationalisation of the economy. Efforts to abolish the separation of powers

by Soviet Republics, the French Convention, or the Committee of Public Safety are entirely directed to a more or less **substantively** rational reorganisation of the economy, and so work against formal rationality.

All details belong to more specialised discussion.⁵⁶

9. Parties

§18. Parties are sociations based on (formally) free recruitment that are intended to lend power to leaders of organisations, and so by extension, provide their members with (ideal or material) *Chancen*—in the realisation of objective aims, or the gaining of personal advantage, or both. They can be transitory sociations, or they can be intended to last; they can be formed in an organisation of any kind, and assume any kind of organisational form, [including those] with a charismatic following, or traditional retainers, or adherents sharing purposively or value-rational aims, or a general perspective on the world. They can be oriented more to personal interests, or to objective aims. In practice, they may be officially, or in fact, intended to enable their leader to gain power so that he can appoint the party's staff to administrative positions (party based on patronage). Or they can primarily, and consciously, represent the interests of social ranks or classes (party based on social rank or class); or they can pursue substantive and objectives aims, or be oriented to abstract principles (party based on a particular view of the world). Appointing its own members to posts in the administration tends to be a subsidiary aim, the objective party "programme" not infrequently a means of recruiting outsiders to membership.

Conceptually, parties are only a possibility **within** organisations, whose leadership parties seek to influence or conquer; it is possible

⁵⁶ No such further discussion appears to have been drafted.

to form party cartels across organisations, however, and this is not a rare occurrence.

Parties can employ all means to achieve power. This is because wherever the leadership is appointed by a (formally) free **vote**, and statutes created by ballot, they are primarily organisations intended to gain votes and influence the direction of legal parties by ballot. Since support for a party is in principle given freely and **voluntarily**, the basis for a legal party is in practice that the pursuit (*Betrieb*) of politics is always the pursuit of **interests**. Here the question of “economic” interests is entirely secondary: we are dealing here with **political** interests, which means interests oriented ideologically, or to **power** as such. This all means that the pursuit of politics

- a) lies in the hands of party leaders and members of the party’s staff;
- b) implies that the role of active party members is for the most part limited to acclamation. They may under some circumstances play some supervisory function, participate in discussion and remonstrance, or even initiate internal revolutions;
- c) implies that the inactive but sympathetic masses of electors or voters are mere fodder (*Werbeobjekt*) during elections or referenda (passive “collaborators”), whose votes are only taken into account as a way of orienting the party staff’s electoral strategy (*Werbearbeit*) when engaged in an ongoing power struggle.

While not always the case, what remains **concealed** are

- d) the contributors to party funds.

Other parties with a formally legal organisation can be primarily

- a) charismatic parties, where there is disagreement over the charismatic qualities of its leader: of the charismatically “right” man (this takes the form of schism);

- b) traditional parties: where there is agreement over the way traditional power is exercised according to the leader's inclinations and grace (this takes the form of open revolts against "renewal").
- c) parties based on belief—usually, but not inevitably, identical to a): disagreement over the **substance** of world-view or belief (this takes the form of heresy, which can also occur in rational parties, such as socialist parties);
- d) parties based purely on appropriation: here there is disagreement with the ruler and his administrative staff over the way appointments are made to this staff, very often identical to b), but not necessarily.

Organisationally, party orientation with respect to the obedience of supporters and staff can correspond to the same typology of rule as in all other organisations: charismatic and plebiscitary (belief in a **leader**); traditional (attachment to the social **prestige** of the leader or someone prominent to whom he is close); or rational (attachment to the "statutory" election and appointment of leader and staff).

All further detailed discussion belongs in the *Staatssoziologie*.⁵⁷

Party finance is a central question economically, for the way influence is distributed, and for the substantive direction taken by the party: whether money is raised in small contributions from the masses, whether it is supported by patrons sharing an ideology, whether the party has been bought, directly or indirectly, by interested parties, whether money is raised through the *Chancen* opened up by the party, or from defeated opponents—but these matters also properly belong to the *Staatssoziologie*.

1. By definition, parties only exist **within** organisations (whether political or otherwise) and in the struggle for their control. Within parties, there can

⁵⁷ No further material was found. Weber was lecturing on *Staatssoziologie* when he died.

in turn be subparties, and this very often happens—typically as ephemeral sociations in every nomination campaign for an American presidential candidate, or as a permanent sociation such as the German “Young Liberals.” As for **cross-organisational** parties, examples are those based on social rank, such as the Guelphs and Ghibellines in thirteenth-century Italy, and those on class, such as the modern Social International.

2. The present discussion considers the most central feature of a party to be free **recruitment**, creating a (formally) voluntaristic basis for the party according to its organisational rules. There is here a major distinction of crucial sociological significance from the organisation’s prescriptions or rules regarding sociations. Even where organisational rules take account of the existence of parties, as for instance in the United States and with our system of proportional representation, and even on occasion seek to regulate their constitution, this voluntary aspect always remains untouched. If a party becomes a cohesive bloc, a sociation formally incorporated into the organisation’s administrative structure—as, for example, was true of the Guelfs in the statutes of thirteenth-century Florence—then it is no longer a “party” but a suborganisation of a political organisation.

3. In a genuinely charismatic ruling organisation, parties are necessarily schismatic sects; their struggle is fuelled by their belief and so not something capable of final resolution. It can be similar in a strictly patriarchal organisation. Wherever these appear in a **pure** form, these two party forms are normally quite alien to parties in the modern sense. In the usual organisations formed on the basis of hereditary charisma or social rank, retainers and pretenders to office who rally around a pretender to the throne present a stark contrast. Personal followings are also common in aristocratic city-states governed by unpaid officeholders, but also in some democracies. The modern type of party first emerges in the legal state with a representative constitution. This will be elaborated in the *Staatssoziologie*.⁵⁸

4. Examples of pure parties of patronage in the **modern** state can be classically found in the two major American parties of recent times. Examples of objective parties founded on a particular “worldview” are older conservative parties, the older liberals, and the older bourgeois democracies, later social

⁵⁸ No such elaboration appears to have been drafted.

democracy (with a strong admixture of class **interest** here), together with the German Zentrum [Centre Party] (since the realisation of nearly all its demands, the Zentrum has become very much a party based purely on patronage). For all of these parties, even for the purest class parties, the stance adopted by party leaders and the party's staff tends to be heavily influenced by their ideal and material interest in power, position, and remuneration. Their voters' interests are only taken into account to the extent that their neglect would imperil their electoral *Chancen*. This last element is one of the reasons for hostility to the party system.

4. Parties' organisational forms will be dealt with separately.⁵⁹ Common to all of them is that a core of the personnel that controls the **active** leadership of the party, formulating slogans and selecting candidates, are joined by "members" who play a much more passive role, while the broad mass of the membership is simply an object to which candidates and programmes are presented for a choice to be made. This state of affairs is unavoidable, given the voluntary character of the party, and represents what is here called the pursuit of "interests." (By "interests" is here meant "political" and not, for instance, "material" interests, as has already been stated.) This is the second point on which the party system as such is criticised, and marks the **formal** relationship of party enterprises with capitalist enterprises, which are likewise based on the valorisation of formally free labour.

5. The role of major contributors in party finance is by no means confined to "bourgeois" parties. Paul Singer, for example, was a major contributor to the SPD [Sozialdemokratische Partei Deutschlands; Social Democratic Party of Germany] (donating in addition to humanitarian causes) and, so far as is known, purely for his own reasons. This was the basis for his position as party chairman. The parties involved in the Russian Revolution of February 1917 were entirely financed by major Moscow donors. The same is true of other German parties of the Right, which are financed by heavy industry, while the Zentrum receives occasional support from Catholic multimillionaires.

For quite understandable reasons, however, the financing of parties by such major donations are the most obscure part of party history, even though

⁵⁹ No such elaboration appears to have been drafted.

this is one of its most important aspects. In some cases, it seems probable that a “machine” (a caucus, more on this concept below)⁶⁰ has been “bought.” Otherwise, there is a choice: either electoral **candidates** bear the lion’s share of their costs (the British system), so that the candidates are plutocrats; or the costs are borne by the “machine,” so that candidates are dependent on party **officials**. This has been truer in one way or the other ever since parties became **permanent** organisations, from thirteenth-century Italy right up to the present. What we cannot do is conceal this with phraseology. Of course, there are limits to party finance: it can only promote issues for which there is a “market.” But as with the relationship of capitalist enterprise to consumption, today the power of the **supply side** has been enormously enhanced by advertising, especially when one thinks of radical parties of the Left or of the Right.

10. Disempowered Administrative Organisation and the Administration of Representatives

§19. Organisations can seek to reduce to a bare minimum the powers they possess with respect to executive functions (minimisation of rule) by the administrator acting **solely** according to the will of its members, in their “service.” This is best achieved in **small** organisations whose entire membership can be assembled in one place, who know one another, and who treat each other as equals. Larger organisations have also attempted this, such as urban corporations in the past, as have regional communes. The usual technical means are

- a) brief periods of office, if possible only in between consecutive assemblies;
- b) standing right of recall;
- c) the principle of appointment to posts by turn or by lot, so that each “has their turn”; hence, avoidance of power

⁶⁰ See §21 below for a brief discussion.

- accumulating with those possessing specialist or secretarial knowledge;
- d) a strict imperative mandate for the conduct of office (**substantive**, not general, competence), as determined by the assembly;
- e) strict accountability to the members' assembly;
- f) the obligation to bring to the assembly (or to a committee) any special or unforeseen question;
- g) a number of associated posts assigned to special issues, hence
- h) the **part-time** character of the appointment.

If the administrative staff is appointed by ballot, this takes place in a full assembly of members. Administration is effected for the most part orally, with written records being made only insofar as rights need documentation. All important directives are presented to the assembly.

This type of administration, and those similar to it, is called “**direct democracy**” for as long as the general assembly remains **effective**.

1. The North American township and the smaller Swiss cantons (such as Glarus, Schwyz, Appenzell, and so on) approach with respect to size the limits of possibility of “direct democratic” administration (whose technical aspects will not be discussed here). Attic democracy actually far exceeded these limits, while the parliaments of the early medieval Italian city did so to an even greater extent. Clubs, guilds, and scientific, academic, and sports associations of all kinds often conduct themselves in this form. But it is equally capable of transfer to the internal equality of “aristocratic” associations whose members do not wish there to be anyone of superior standing to themselves.

2. An important precondition here, besides the local or personal—ideally both local and personal—small scale of the organisation, is the absence of qualitative tasks that could only be handled by specialist professional officials. Even if efforts are made to restrain the role of such officials, this does

represent the seed from which bureaucracy would grow, and it is above all capable of neither appointment nor dismissal by genuinely “directly democratic” means.

3. The rational form of direct democracy is intrinsically quite close to the primitive form of gerontocratic or patriarchal organisation, where administration is likewise conducted “at the service” of members. But in those cases, there is (a) the appropriation of administrative power, and (b) normally a strict connection to tradition. Direct democracy is a **rational** organisational form, or can become one. The transitional forms will be discussed shortly (§§20–22).

§20. “Notables” are persons who,

1. by virtue of the economic situation, are able to act as part-time leaders and administrators of an organisation, working unpaid on a continuing basis, or receiving nominal payment as an honorarium.
2. For whatever reason, they enjoy a high level of social estimation, and this gives them the *Chance* to hold office in a formally direct democracy thanks to the trust of its members, this engagement being at first voluntary, but ultimately traditional.

The private resources of such a notable are absolutely necessary to provide the “availability” requisite for appointment: that the person can live **for** politics without needing to live **from** it. Those who possess this status to the greatest degree are rentiers of all kinds, possessing incomes from land, slaves, cattle, housing, or bonds. Next, there are those who work, but whose daily business allows them to conduct political business on the side: those in charge of seasonal businesses (hence, landowners), lawyers (because they have an “office”), and different kinds of self-employed people. Also strongly represented here are patrician merchants involved in business on an occasional basis. Least available are independent commercial entrepreneurs and workers. Every direct democracy has a

tendency to revert to “administration by notables,” ideally, because they are especially well qualified with regard to experience and objectivity, and materially, because they are very cheap, in some cases incurring no costs whatsoever. The notable in part possesses the objective means of administration, or uses his own property as such; these means are also in part provided by the organisation.

1. The relation to **social rank** will be dealt with later in the casuistry relating to this use of notables.⁶¹ The primary source is wealth in all primitive societies, possession of which is often the sole factor in determining “chiefly” quality (the conditions are discussed in Chapter 4, §3). It is also possible that hereditary charisma might play a role, or just the fact of being available at that particular time.

2. American townships practice a rotation of offices that has its roots in natural law, but if one examines the lists of officials appointed in Swiss cantons it is very easy to see the constant recurrence of the same names, even of [the same] families. The fact of greater “**availability**” for occasional tasks in part goes back to older German assemblies and in part to the initially strictly democratic cities of northern Germany, and this was one of the sources for the emergent differentiation of the *meliores* and the council patriciate.

3. Administration by notables can be found in all kinds of organisations; it is, for instance, typical of political parties that have not been bureaucratised. It always implies extensive administration: while it is “unpaid” by the organisation, if it so happens that very urgent economic and administrative issues call for precise action, it can then become “very expensive” for the individual members.

Both genuine direct democracy and genuine administration by notables run into technical difficulties once numbers in the organisation pass a certain (admittedly elastic) level (a few thousand members with equal and full rights); or when administrative tasks arise that call for both specialised training and consistent direction. If this is left to permanently employed specialist officials working under the direction of ever-changing directors, then the administration is **in fact** normally in the

⁶¹ No such elaboration appears to have been drafted.

hands of those who do the work, whereas the interventions of the latter remain for the most part dilettantist in character.

A typical example of this is the situation of German university rectors, who take turns at academic administration alongside their professorial duties, as compared with the university administrator, and even in some circumstances, his staff. The American university president, by contrast, is appointed for a significant period, and besides exceptional cases, could create his own university administration that was something more than fine phrases and posturing. In Germany, only the vanity of the academic staff on the one hand, and the bureaucracy's interest in power on the other, prevent the introduction of this solution. It is much the same everywhere.

Direct democracy in the absence of a ruler and administration by notables can also only survive authentically so long as no **parties** form on a **permanent** basis, seek to advance themselves, and seek to appropriate official functions. As soon as this happens, the leader of the victorious party and his administrative staff impose a structure **of rule**, whatever the means deployed and despite the continuation of all forms of the former administration.

This is quite frequently the way "old" relationships are broken up.

11. Representation

§21. By "representation," will be **primarily** understood the situation discussed in Chapter 1, §11: that the action of specific members of an organisation (representatives) is imputed to the remainder, or viewed by the latter as an action that is for them "legitimate," which should be treated as having binding validity for them, and is actually so treated.

Within organised **rule**, however, representation can assume several typical forms:

1. Appropriated representation. The leader (or a member of the administrative staff) possesses the appropriated right of

representation. As such, this is very old, and can be found in patriarchal and charismatic ruling organisations (hereditary charismatic, office-holding charismatic) of the most varied kind. The power of representation is **traditionally** circumscribed.

Clan sheikhs or tribal chiefs, the elders of Indian castes, hereditary hierarchies in sects, the Indian village senior, the *Mark* senior, hereditary monarchs, and all similar patriarchal and patrimonial leaders of organisations of all kinds are part of this. Authority to conclude contracts and agreements of a statutory form with the elders of neighbouring organisations can be found even in the most primitive conditions ([e.g.,]Australia).

Very close to appropriated representatives are:

2. Representation through independent social ranks—**not** as such “representation,” for it is primarily regarded as the advancement and enforcement solely of **their own** (appropriated) rights (privileges). But it does have a representative character (and so is sometimes treated as such) insofar as the repercussions of agreement to any financial or legal settlement among social orders go beyond the privileged person to strata lacking such privilege.⁶² This did not merely involve socmen but also others with social rights not held by privilege, such that quite usually **the fact of their being bound** by the settlement was presumed, or expressly claimed.

All feudal courts and assemblies of groups privileged according to social rank, including the “social estates” of late medieval Germany and modernity, belong here. The institution can be found

⁶² This passage is very compressed and cryptic, using what might appear to be synonyms for “representation” and “agreement” in referring to the practice of medieval assemblies in arriving at a “reconciliation” (in the modern accounting sense) of financial or legal issues.

only occasionally in antiquity and areas beyond Europe, and is not a general “transitional stage.”

3. The most radical contrast to this is **precommitted representation**: delegates—elected by rotation, or selected by lot, or by some other similar means—whose power of representation is strictly limited by an **imperative mandate** and right of recall, and which is precommitted to the agreement of those represented. These “representatives” are in reality officials in the employment of those they represent.

The imperative mandate has existed since time immemorial, and played a role in organisations of the most varied type. The elected representatives of the French Communes were almost always tied to the latter’s *cahiers de doléance*. At the present time, this form of representation can be found in the Soviet republics, where they pay the role of surrogates for a direct democracy that is impossible in mass organisations. The precommitted mandate can certainly be found in organisations of the most diverse kind outside of the medieval period and of the Occident, but nowhere has it been of great significance.

4. **Free representation.** The representative, as a rule elected formally or appointed by rotation, is committed by no instructions and has a free choice in his behaviour. He is obliged only by his own **objective** convictions, and is under no obligation to the interests of those who have delegated him.

Free representation in this sense in sometimes the inevitable consequence of incompleteness in, or lack of, instruction. In other cases, however, this implies the choice of a representative who becomes a **figure of authority** for his voters, and not their “servant.” Modern parliamentary representation has in particular assumed this character, sharing with legal rule the general objectification of a commitment to abstract political and ethical **norms**.

The most developed form of this kind of representative **body** in modern political organisations is that of the **parliament**. Without voluntary party participation, its function cannot be explained. It is parties that present candidates and programmes to politically passive citizens, and through compromise and voting within parliament create norms for the administration, actually supervise this administration, support it with their confidence, or overthrow it if their confidence is lost—if they are able to gain a **majority** at an election.

The party leader and the administrative staff that he appoints—ministers, state secretaries, and possibly also undersecretaries—are the “political” leadership of the state. Their posts depend on their party’s electoral victory, and they are forced to resign following electoral defeat. Where party rule is fully developed, they are imposed on the formal head of state by virtue of the party being elected to parliament. The head of state, expropriated from rule, is limited to the following roles:

1. choosing the leader of government in negotiations with the party, and formally legitimating him by appointment; also,
2. as a legalising agency for the dispositions made by the current head of the party.

The “cabinet” of ministers, in other words, the executive committee of the majority party, can be organised either in a more monocratic or a more collegial fashion; in a coalition government, the latter is unavoidable, while the former is the form that functions with greater precision. The usual means of maintaining power are: confidentiality of government business and solidarity in the face of attacks from followers seeking position, or from opponents. If there is a lack of a substantive and effective separation of powers, this leads to the complete appropriation of all power by the staff of the incumbent party. Leading posts, but also sometimes the posts of administrative officials, become spoils for supporters: this is **parliamentary cabinet government**.

We will later come back on several occasions to the facts laid out in Wilhelm Hasbach's brilliant political polemic (wrongly called a "political description").⁶³ My own text on "Parliament and Government under a New Political Order"⁶⁴ expressly emphasises that it is a polemic born **only** of the contemporary situation.

If the party government's appropriation of power is incomplete and the ruler retains independent power (or alternatively, such power is retained by a president with similar powers—e.g., one who has been elected by plebiscite), and especially if the power of appointment to office is retained, including the power of appointing military officers, then we have **constitutional government**. In particular, this can develop where there is a formal separation of powers. The coexistence of a plebiscitary president with a representative parliament is a special case: **plebiscitary-representative government**.

The leadership of an organisation dedicated purely to parliamentary government can on the other hand be filled simply by election to government authorities (or those of the leadership) by parliamentary vote. This is **purely representative government**.

The governing powers of the representative organs can be greatly restricted and legitimated through approval by direct reference to those who are ruled: provision for **referenda**.

1. Peculiar to the Occident is not representation **in itself**, but instead **free** representation in conjunction with parliamentary bodies. It also can be found in antiquity, but is otherwise only present in part (assemblies of delegates in confederations of city-states, but in principle only with precommitted mandates).

2. The abolition of imperative mandates was very much influenced by the position adopted by the prince. French kings consistently required that the conditions on which delegates to the Estates General were elected left

⁶³ Wilhelm Hasbach, *Die Parlamentarische Kabinettsregierung. Eine politische Beschreibung* (Stuttgart: Deutsche Verlagsanstalt, 1919); no further direct reference is made to this work.

⁶⁴ See Max Weber, *Political Writings*, ed. Peter Lassman and Ronald Speirs (Cambridge: Cambridge University Press, 1994), pp. 130–271. This was a pamphlet published in May 1918, developing arguments originally made in a series of newspaper articles published between April and June 1917.

these delegates free to vote for the king's motions, since an imperative mandate would have made this impossible. In the British Parliament, the way it was composed and business conducted (to be addressed below)⁶⁵ led to the same result. The degree to which, as a result, members of parliament saw themselves, right up until the 1867 reform, as a privileged **social estate** is no more evident than in the strict exclusion of the public from parliamentary proceedings (there were heavy fines for newspapers that reported on proceedings right up to the later eighteenth century). The theory was that members of parliament were "representatives of the whole people," **which meant** that they were not bound by mandate (that they were not servants, but masters—although this was not a sentiment that was ever uttered); this formulation was already part of the literature before the French Revolution lent it classical form.

3. We will not here deal with the way that the British king (and others on the same model) was gradually expropriated by an unofficial cabinet government oriented to parties, nor with the reasons for a singular development that would eventually gain universal significance. Given the absence of **bureaucracy** in Britain, this development was not as coincidental as is often claimed. Nor will the American plebiscitary-representative system based on a function of separation of powers be discussed here; nor the development of the referendum whose material role is as a means of expressing distrust in corrupt parliaments, together with its connection in Switzerland, and now in some German states, to **pure** representative democracy. Here we are concerned with establishing a few leading types.

4. So-called constitutional monarchy, generally defined in terms of the appropriation of official patronage exclusively to ministers and the power of command to the monarch, can **in fact** be very similar to the purely parliamentary British model. However, this by no means excludes the possibility of a politically capable monarch such as Edward VII making, as a figurehead, an effective contribution to the direction of political life. More detail on this later.⁶⁶

5. Representative bodies are not necessarily "democratic" in the sense of an equality of rights (the franchise). On the contrary, it will become apparent⁶⁷

⁶⁵ No further discussion of this topic follows.

⁶⁶ No further discussion of this topic follows.

⁶⁷ No further discussion of this topic follows.

that the classical soil for the existence of parliamentary rule tends to be an aristocracy or a plutocracy (as in England).

Connection with the economy: this is extremely complicated, and will be discussed separately later.⁶⁸ Some preliminary remarks can be made here:

1. The disintegration of the economic basis of the older social ranks was a condition for the transition to “free” representation, in which arena those with demagogic talents had free rein, without needing to heed the existence of social ranks. Responsible for this disintegration: modern capitalism.
2. The need for **predictability** and reliability in the functioning of the legal order and the administration, a vital need for rational capitalism, led the bourgeoisie to limit patrimonial princes and the feudal nobility through an institution in which citizens had a decisive voice, supervised administration and finance, and could also participate in the revision of the legal order.
3. At the time of this transformation, the development of the proletariat did not have any **political** weight, nor did it seem to present any danger for the bourgeoisie. Moreover, any threat to the power of the propertied was neutralised unhesitatingly by imposing a property qualification on the right to vote.
4. The **formal** rationalisation of economy and state that was favourable to the interests of capitalist development was strongly supported by parliaments. It appeared easy to gain influence with parties.
5. Once parties had become established, demagogic activity increased in step with the extension of the franchise. The need to win over the proletariat through foreign conflict, and disappointment at the discovery that they were not in fact a more “conservative” force than the bourgeoisie, led rulers and ministers everywhere to favour what eventually became an **equal** right to vote.
6. Parliaments operated normally as long as they were dominated by the classes of “cultivation and property” (*Bildung und Besitz*)—

⁶⁸ There are no remarks on the connections among representation, parliamentarism, and the economy beyond the preliminary points made here.

notables, in other words. Being “among their sort” rather than purely class-oriented parties, they were distinguished by social rank and the different **forms** of property holding, which accounted for their differences. With the onset of the power of purely class parties, especially the proletarian parties, the situation of parliament changed, and changed itself. But in this process, the bureaucratisation of the **parties** plays a very strong role (the system of caucuses), which is of a specifically **plebiscitary** character and transforms the member of parliament from the “master” of a constituency of voters into a **servant of the leader of the party machine**. This will be dealt with separately.⁶⁹

§22. Representation by agents aligned with interest groups involves those kinds of representative bodies in which the appointment of representatives is not a free one, made without regard to occupation, social rank, or class, but in which the occupation, social rank, or class position of the representative is aligned with that of those he represents, each group being represented by persons of its own sort.

Representation of this kind can mean quite different things:

1. according to the permitted occupations, social ranks, and classes;
2. to the extent that voting or compromise is the means for the settlement of arguments;
3. in the first case: according to the numbers in each of the categories.

This can be either radically revolutionary or radically conservative. It is in any event the product of the emergence of large **class-based** parties.

⁶⁹ No further discussion of this topic follows.

Associated normally with the creation of this kind of representation is the intention of **removing** the right to vote from particular social strata. Either

- a) **substantively**, restricting the numerical predominance of the masses by distributing mandates to occupations in such a way as to counteract this numerical predominance; or
- b) **formally**, restricting the economic power of the dominant strata by limiting the right to vote to those without property (the so-called **soviet state**).

In theory at least, this form of representation will weaken the grip of interests on parties and politics, although all hitherto experience shows that it will not be abolished. Again, in theory, the significance of financial means in elections **can** be so weakened, but how far this can go is doubtful. Representative bodies of this kind tend towards **leaderlessness**. This is because the only **professional** representatives of interests who will come forwards are those able to devote all of their time to the service of a particular interest, which for the poor strata means: salaried secretaries of interest groups.

1. Common to **all** the historically older bodies based on “social rank” is representation with **compromise** as the means for the settlement of disputes. This prevails today in “workers’ associations,” and everywhere that negotiation between advisory and executive authorities is practised. No numerical value can be placed on the “importance” of an occupation. Above all, the interests of the **mass** of workers and those of the (increasingly fewer) entrepreneurs are often greatly antagonistic; **allowance** has to be made in some way for the fact that the latter, while numerically weaker, are likely to be better informed (although of course also particularly self-interested). Arriving at a decision made by adding such heterogeneous elements—heterogeneous by class, or by social rank—is a mechanical nonsense: a ballot paper as the last resort for settling conflict is proper to **parties** that argue and compromise, not to “social ranks.”

2. Where organisations based on social rank are composed of elements that are roughly equal **socially**, it is possible to make use of the paper ballot: for example, made up only of workers, as in the “workers’ councils.” The prototype for this is Mercadanza at the time of the conflicts between guilds: made up of delegates from the individual guilds, voting was by simple majority, **but** nevertheless was in fact under pressure from the risk of fragmentation if especially powerful guilds were commanded the most votes. Even the entry of clerical workers into the workers’ councils created problems; their proportional share of the vote was regularly mechanically reduced. When representatives of farmers and craftsmen were supposed to join, matters became really complicated. **Voting by ballot** to reach a decision became entirely impossible once so-called higher occupations and entrepreneurs were supposed to be involved. Organising the working community on a basis of parity means that “blackleg” union members support the employers, while sympathetic employers help workers prevail, thus allowing the most unworthy class representatives to decide matters.

But then again, peaceful times would create sharp antagonism **between** workers in **purely** proletarian councils. And these would probably effectively paralyse the councils, or at any rate put a stop to any *Chancen* for the skilful playing off one interest against another—this is why the bureaucracy is so favourable to the idea. The same thing would happen between the representatives of farmers and workers. Any attempt to organise such representative bodies on a basis **other than** one that is strictly revolutionary ultimately leads only to another *Chance* for gerrymandering in other forms.

3. The *Chancen* for representation by occupation are not slight. During periods of stabilisation in technical and economic development, they will be **extremely** great. “Party life” would in any case then abate to a great extent. As long as this precondition does **not** hold, there can of course be no thinking that occupational representation will eliminate parties. From the “workers’ councils,” whose procedures we now witness, to the Federal Economic Council, by contrast a huge number of new spoils for loyal party members will be created, spoils that will be exploited. Economic life will be politicised, and politics economised. Depending on one’s ultimate values, there are quite distinct positions that can be taken with respect to these *Chancen*. This is how things are, and not otherwise.

Characteristic of the Occident are: genuine parliamentary representation in which political life is the voluntaristic pursuit of interests, from which develop plebiscitary party organisations and all their consequences, such as the modern idea of **rational** representation through agents of interest. These can only be explained by the particular course that the development of social ranks and classes took in the Occident, a process that created here during the Middle Ages, and only here, its early forms. "City" and "social ranks" (*rex et regnum*), "bourgeois" and "proletarian," existed **only** here.

OVERVIEW OF CHAPTER FOUR

CHAPTER 4 IS A FRAGMENT OF only three paragraphs: two on social classes, and one on social ranks, *Stände*. As with Chapter 3, these paragraphs have more to do with classification than with definition, but this is a classification that proved influential in the social sciences of the twentieth century.

First of all, by discriminating between social rank and social class, Weber made clear that while social class grouped men and women according to various objective characteristics, social rank involved a claim founded on positive or negative social estimation. While there had been a general evolution in societies from the dominance of social rank to that of class, these designations were not in themselves historical. In particular, claims to privilege persist in modern societies, and so it is important to separate these out from the more objective criteria of social class that he identified.

Second, the distinction of propertied, acquisitive, and social classes in §1, coupled with a wealth of related characteristics, provided the idea that modern society was class based with a systematic foundation. Whereas social rank depends on social estimation, tradition, and inheritance, the key elements of social class are property and acquisition—as he writes in the penultimate paragraph, “Whereas acquisitional classes originate and flourish in a market-oriented economy, social ranks develop and exist chiefly by monopolising the provisioning of organisation. . . . A society is a ‘society of ranks’ when the social structure is organised by rank; it is a ‘class society’ when the social structure is organised by class.” Hence, Weber can be said to have outlined here a contrast between the market orientation of classes and the traditional legitimization of social rank.

Sociology in the later twentieth century was strongly associated with the analysis of societies in terms of class and power, and Max Weber provided the

basic instruments with which this could be done. However, not only is Chapter 4 a fragment, as a classification of social differentiation it is not clear how it relates either to the action-oriented framework of Chapters 1 and 2, or to the typology of Chapter 3. As I suggest in the Introduction, there are many signs in the later sections of Chapter 2 and in Chapter 3 that Weber had lost a clear perspective on what exactly the scope of *Wirtschaft und Gesellschaft* was. The clear transition from Chapter 1 to Chapter 2 is not replicated in the way that Chapter 3 follows on from Chapter 2, and here also it is not obvious how the end of Chapter 3 connects to this new chapter, either in terms of substance, or in terms of analytical approach.

While the analysis of class became a familiar feature of twentieth-century sociology, Weber had not lent the concept any especial analytical significance before; these classifications would come to assume an importance that they did not possess for Weber's own sociology. Nonetheless, it is clear from the detailed classification that Weber left in the fragment of Chapter 4 that he was capable of providing a template for later sociologies, even if he himself did not make the fact of social differentiation a central element of his own sociology.

Social Ranks and Social Classes

1. Concepts

§1. The “class position” of an individual is the typical *Chance*

1. of provision with goods,
2. of outer social standing,
3. of inner personal fate

that follows from the extent and nature of a power of disposition (or the absence of such power) over goods, education, and skills (*Leistungsqualifikationen*), and from the given form in which they might be valorised in seeking access to income or revenues within a given economic order.

A “class” is a group of men and women who find themselves in the same class position.

- a) A **propertied class** is a class for which the primary determinant of class position is differences of property.
- b) An **acquisitional class** (*Erwerbsklasse*) is a class for which the primary determinant of class position is *Chancen* for the market valorisation of goods or services.
- c) **Social class** is the totality of those class positions, **between** which a
 - α) personal or
 - β) generational

change is easily possible, and which typically tends to occur.

Sociations of those sharing class interests (class organisations) can form on the basis of all three class categories. But this does not have to happen: class position and class denote in themselves only the actual existence of **equal** (or similar) typical interest situations in which individuals and very many others find themselves. In principle, the power of disposition over all kinds of consumer goods, means of production, wealth, means for gainful acquisition, educational and technical qualifications each constitutes a particular class position, and only those who are completely “unskilled,” propertyless, and reliant for work on casual employment form a unitary class position. The transitions from one to the other are variable in ease and fluidity, while the unity of the “social” class is consequently expressed in very different ways.

- a)⁷⁰ The primary significance of a positively privileged **propertied** class consists in
 - α) the monopolisation of highly priced (high-cost) consumption goods through purchase,
 - β) the monopolistic situation and possibility of deliberate monopolistic sales policy,
 - γ) the monopolisation of the *Chance* to accumulate wealth through unconsumed surpluses,
 - δ) the monopolisation of the *Chancen* that of accumulating capital through saving, hence the possibility of investing wealth as loan capital, and so access to the leading posts in business,
 - ε) the possession of an educational position owed to the privilege conferred by social rank, insofar as these are very costly.
- I. Positively privileged propertied classes are typically **rentiers**. They can be
 - a) rentiers living off human beings (slave owners),

⁷⁰ This introduces a continuation of §11a).

- b) rentiers living off income from land,
 - c) rentiers living off income from mines,
 - d) rentiers living off income from industrial plants and equipment,
 - e) rentiers living off income from shipping,
 - f) or creditors, living off loans related to
 - α) cattle,
 - β) grain,
 - γ) money;
 - g) rentiers living off income from securities.
- II. Negatively privileged propertied classes are typically
- a) those who are the objects of property (unfree persons; see §3 below),
 - b) those who are *déclassé* (*proletarii* in antiquity),
 - c) those who are indebted,
 - d) those who are “poor.”

Between these two are the “middle classes” (*Mittelstandsklassen*) possessing property or educational qualifications, from which strata of all kinds make their living. Some of them can belong to an “acquisitional class” (a significantly privileged entrepreneur, a negatively privileged proletarian). But not all farmers, craftsmen, officials do so belong.

In its pure form, the composition of the propertied class is not “dynamic”; it does **not** necessarily lead to class **struggle** and class revolution. The highly positively privileged propertied class of slave owners, for example, can exist alongside less positively privileged farmers, or even the *déclassé*, **without** there being any class conflict, and the former sometimes form ties of solidarity with the latter (e.g., against those who are unfree). However, the contrast in property holding:

1. rentier living off landed income—*déclassé*,
2. creditor—debtor (which often means urban-dwelling patrician—rural-dwelling farmer or urban-dwelling small craftsman)

can lead to revolutionary struggles, aimed **not** necessarily at a change of economic structure, but mainly instead solely at the possession and distribution of property (revolutions over property).

A classic case of the absence of class conflict was the situation of “poor white trash,” whites who owned no slaves, with regard to plantation owners in the Southern states of the United States. Poor whites were **much more** hostile to blacks than were planters in much the same position, who for their part were often governed by patriarchal feelings. Antiquity provides the principal example of the struggle of déclassé elements against property owners, as well as for the contrasting case: creditors—debtors, and that of rentiers living from landed income—déclassé.

§2. b) The principal significance of a positively privileged acquisitional class lies in

- α) the monopolisation of the management of the production of goods in favour of the acquisitional interests of their class members; and
- β) the securing of gainful *Chancen* by influencing the economic policy of political and other organisations.

I. Positively privileged acquisitional classes are typically:

entrepreneurs:

- a) merchants,
- b) shipowners,
- c) industrial entrepreneurs,
- d) agricultural entrepreneurs,
- e) bankers and financial entrepreneurs, and under some circumstances:
- f) “professionals” with special abilities or special training (lawyers, physicians, artists),
- g) workers with skills over which they have a monopoly (skills that are either inborn, or cultivated and trained).

II. Negatively privileged acquisitional classes are typically **workers** of varied and qualitatively different kinds:

- a) skilled,
- b) semiskilled,
- c) unskilled.

Independent farmers and craftsmen here represent “**middle classes**” between I and II. Also very often there are

- a) officials (public and private),
- b) the category of professionals listed under I.f) and the workers listed under I.g).
- c)⁷¹ **Social** classes are
 - α) the workforce as a whole, the more automated the labour process becomes,
 - β) the petty bourgeoisie, and
 - γ) the propertyless intelligentsia and those with specialised training (technicians, commercial and other clerical staff, and officials, who are all probably **very** different from each other socially, distinguished by the **costs** of training),
 - δ) the propertied classes and those privileged by education.

The unfinished conclusion to Karl Marx’s *Das Kapital*, Bd. III, was clearly intended to address the problem of the class unity of the proletariat in spite of its qualitative differentiation. Of importance here is the increasing importance, within quite a short period of time, of the displacement of “skilled” labour by **semiskilled** work aided by machinery, also sometimes involving “unskilled” labour as well. Nonetheless, semiskilled capabilities can often be monopolised (at present, weavers typically reach their peak of efficiency after five years!). A transition to an “independent” petty bourgeois occupation was once every workers’ dream, but this possibility is one that is increasingly rare. Between generations, it is relatively easy for both a) and b) to “rise” into social class c) (technician, clerk). Within class d), money increasingly buys **every-**

⁷¹ This introduces a continuation of §1c), and so is c) to the b) with which §2 begins.

thing—at least in terms of succeeding generations. Those in class c) have *Chancen* of rising into banks and financial institutions; officials have *Chancen* of rising into d).

Sociated class **action** is easiest to to bring about

- a) against those with **directly** adverse interests (workers against employers, and not against shareholders, who really do receive an income without working for it; nor also peasants and farmers against landowners),
- b) where there is a typically **mass** basis to equality of class position,
- c) where technical possibility makes it easy to come together, especially a working community concentrated in one place (workplace community),
- d) where there is **guidance** to clear and obvious aims usually imposed or interpreted by those not belonging to the class (the intelligentsia).

§3. The **position afforded by social rank** typically involves a claim to positive or negative privilege in social **estimation**, based on

- a) the manner in which life is conducted, and so
- b) formal mode of cultivation (*Erziehungsweise*), whether
 - α) empirical **instruction** or
 - β) rational **instruction** and on the possession of the corresponding forms of living;
- c) prestige of birth or of occupation.

In practice, the position afforded by social rank is expressed primarily in

- α) intermarriage,
- β) eating together, and possibly often
- γ) the monopolistic appropriation of privileged *Chancen* for gain, or the abomination of particular forms of gain,

- d) conventions relating to social rank (“traditions”) of other kinds.

The position afforded by social rank **can** be based on a class position of a particular or ambiguous kind. But it is **not** defined by this alone: the possession of money and position as an entrepreneur are not **in themselves** qualifications of social rank, although they can well lead to them. Nor is lack of wealth **in itself** a disqualification for social rank, although it can become so. On the other hand, social rank can determine class position in part or entirely, without, however, being identical with it. The class position of an officer, official, or student can be quite different depending on their respective wealth, but without leading to differences in their social standing, for it is the way they lead their lives that is the decisive point in establishing equality of social rank, and this way of leading one’s life is a result of upbringing and education.

A “social rank” can be defined as many persons who within an organisation attract

- a) special estimation due to their social rank, and possibly also
- b) are able to lay claim to particular monopolies by virtue of their social rank.

Social ranks can arise

- a) primarily through the particular way members of the rank lead their lives, especially including their **occupation** (social ranks based on life conduct, or occupational ranks),
- b) secondarily, through hereditary charisma, successfully laying claim to prestige by virtue of being descended from persons of a certain social rank (social rank by descent),
- c) through the a social rank’s appropriation of political or hierocratic ruling powers as monopolies (political or hierocratic social ranks).

Development of social rank by birth is usually a form of the (hereditary) appropriation of privileges to an organisation or a

qualified individual. Each permanent appropriation of *Chancen*, especially those related to rule, tends to contribute to the formation of social ranks. Each instance of the formation of social rank tends to lead to the monopolistic appropriation of ruling powers and *Chancen* for gain.

Whereas acquisitional classes originate and flourish in a market-oriented economy, social ranks develop and exist chiefly by monopolising the provisioning of organisations—whether this is liturgical, feudal, or patrimonial. A society is a “society of ranks” when the social structure is organised by rank; it is a “class society” when the social structure is organised by class. “Social ranks” are closest to “social classes,” and most distant from “acquisitional classes.” The constitution of social ranks is often heavily influenced by propertied classes.

Every society based on social rank is ordered **conventionally**, through the regulation of life conduct; this therefore creates irrational conditions for consumption. This obstructs the free formation of markets, through monopolistic appropriation, and by obstructing the free disposition of individuals’ capacities to engage in gainful activity on their own account. This will be dealt with separately.⁷²

⁷² Here Chapter 4 breaks off.

Translation Appendix

Preliminary Remarks

This Appendix is intended to provide some explanation of the lexical difficulties inherent in translating Weber's text into English, and the decisions made in so doing.¹ It presents the principal German concepts that organise this highly structured piece of writing, supplementing points raised in my own footnote apparatus. As such, it is a Translator's Appendix, working from Weber's language to the choices made in rendering this into modern English, so that the reader can fully appreciate the gains and losses in this process. It differs therefore from the dictionary prepared by Richard Swedberg and Ola Ogevall, which is organised the other way around, working from English to German.²

In some instances, Weber's lexical usage produces a classical translator's dilemma concerning what counts as "appropriate" translation: to render consistently idiosyncratic usage at the cost of clarity; or alternatively, to seek clarity in the translated text at the cost of fidelity to the original? Certainly, some of Weber's usage is demonstrably idiosyncratic, sometimes indicating more the sources of his ideas than the ideas themselves. And here the idea of "fidelity" is not as straightforward as is sometimes assumed. While we need to think carefully about the terms in which we render Weber's arguments into English, the idea of "fidelity" is often linked to a merely mechanical conception of the work of translation,

¹ I would like to thank Peter Ghosh for his comments on this Appendix.

² Richard Swedberg and Ola Ogevall, *The Max Weber Dictionary. Key Words and Central Concepts*, 2nd ed. (Stanford, CA: Stanford University Press, 2016). The problems inherent in their approach can be seen, for example, on p. 171, where the two successive entries, "interpretive sociology" and "interpretive understanding" here use the English "interpretive" for two distinct adjectives, *verstehend* and *deutend* (see the entries for these below). Although Swedberg and Ogevall do indicate the root terminology, systematic discussion of translation issues is obstructed rather than facilitated in this approach.

a focus on lexeme and collocation, and not on sense, rhythm, or flow.³ How, for example, to be “faithful” when we find that Weber also uses the German *Appropriation* (which for some of the time means what it looks like it means in English) for what in English is usually termed “allocation,” and so reversing the poles of a bilateral relationship, between taking and giving? Or when he uses *Chance* in contexts in which in English the sense is “opportunity.” Given the importance of contingency in Weber’s thinking, is it not better to reserve the English “chance” for those points where he writes *Chance* but is emphasising more simple contingency and less the opportunity that contingency presents? There are examples of all of these issues in what follows. Decisions made have been indicated in footnotes to the body of the preceding text, but some sense of the problems involved can be introduced here by discussion of three economic concepts from Chapter 2, highlighting terminology that had a fixed sense at the time, from which, however, Weber diverged.

The first among these is his use of *Nutzleistung* for what in English was at the time understood as “utility.” This was an esoteric term introduced by Böhm-Bawerk in the later 1880s but which never caught on; not even his brother-in-law, Friedrich von Wieser, adopted it with any consistency. That Weber persisted with the term indicates his penchant for esoteric terminology, which he then used relentlessly and consistently; the importance of his reading of Böhm-Bawerk in the mid-1890s; and, perhaps most important, that when he drafted chapter 2 in the winter of 1919/1920, he drew on reading and ideas from his teaching more than twenty years before. It would be needlessly obscurantist to translate *Nutzleistung* as anything other than “utility,” as I document below.

The second concerns Weber’s use of *Beschaffung* to cover both “production” and “procurement.” While the former might be thought to involve the creation of new goods at one particular location (changing the object but not the location), the latter includes the movement of goods to a location where they can be consumed (changing the location but not the object). In truth, the economic concept of “production,” especially as in “means of production,” covers both senses, since of course what are cargo ships, freight trains, and trucks other than “means of production” (of transport services)? The objection that “production” is essentially “making something” can be met by pointing out that even the handloom weaver had to install bobbins on the loom if anything was to be “made,” and that these bobbins of yarn came from somewhere else in the production

³ For an extended treatment of these issues, see Tim Parks, *A Literary Approach to Translation—A Translation Approach to Literature*, 2nd ed. (London: Routledge, 2014).

chain that ran from raw material to finished cloth. Whatever conceptual clarity might be achieved by subsuming “production” under a more general “procurement,” to follow Weber down this particular blind alley would simply render his text more opaque to his English readers than it already is. Much of the text is difficult for good reason, but there is nothing to be gained by adding to the opacity where nothing of consequence follows. Where Weber writes *Beschaffungsmittel*, therefore, this is consistently rendered as “means of production,” since this is what in English is understood by the term.

A third instance concerns Weber’s use of *Verteilung*, usually rendered in English as “distribution,” but in German implying the separation of a whole into parts.⁴ When used in the context of production processes, Weber seeks to emphasise the separation (in space and time) of work performed, and contrast it with the combination of work routines—the endless process of dividing and recombining work performed as economic activity. Herkner’s *GdS* contribution “Arbeit und Arbeitsteilung,”⁵ published in 1914, presents a variation on this idea, suggesting that the use of machinery in production divides and *displaces* labour into new locations, implying further elaboration of the division of labour.⁶ The underlying idea for both writers is the engine of economic growth outlined in the first few chapters of Adam Smith’s *Wealth of Nations*, which deal with the “division of labour.” Also relevant in this context is Karl Bücher’s treatment of “Arbeitsteilung” in his *Entstehung der Volkswirtschaft*, to which he devotes a separate chapter.⁷ Here he distinguishes subforms of the division of labour, among them the fragmentation of one branch of production into simple processes (*Arbeitszerlegung*) and the introduction of new processes and machinery (*Arbeitsverschiebung*). Bücher therefore develops a special terminology for the various aspects of the division of labour that has no direct parallel in the English literature. Weber does not follow Bücher here, but the

⁴ Not a forceful separation—that would be *Zerlegung*.

⁵ “Labour and the Division of Labour.”

⁶ “As Karl Bücher has very rightly shown, all use of machines also involves the displacement of labour [*Arbeitsverschiebung*], and in this respect also a form of the division of labour [*Arbeitsteilung*]. One part of the work that originally had to be done directly in the production [*Herstellung*] of a material good is to some extent displaced by machine technology to a greater or lesser number of other enterprises.” Heinrich Herkner, “Arbeit und Arbeitsteilung,” in *Grundriss der Sozialökonomik II. Abteilung. Erstes Buch: Grundlagen der Wirtschaft. B. Die natürlichen und technischen Beziehungen der Wirtschaft* (Tübingen: J. C. B. Mohr Verlag [Paul Siebeck], 1914), p. 190.

⁷ Karl Bücher, *Die Entstehung der Volkswirtschaft*, 7th ed. (Tübingen: H. Laupp’sche Buchhandlung, 1910), chapter 8.

latter's exposition sheds useful light on Weber's own casuistic practice. If we were to follow Weber's own terminology, and for *Leistungsverteilung* write "distribution of activity/output" instead of "division of labour," the fact that he is in fact talking about the phenomenon known as "division of labour" in English would be needlessly obscured. *Leistungsverteilung* is therefore rendered more familiarly as "division of labour," also applying to the use of *Verteilung* that leads up to chapter 2, §15, "Typen der Leistungsverteilung (Allgemeines)."

Appropriation—In modern English, something can be "appropriated by" a subject or "assigned/allocated to" a subject, which are both active and intentional senses, but Weber employs "appropriation" in a passive sense that does not presuppose direct intent on the part of the subject. This translation retains in most places Weber's idiosyncratic usage, since in Chapter 2, §24, it becomes rather clearer that he thinks of appropriation as one half of a couple: Expropriation–Appropriation, corresponding to the removal of something *from* an agent and assignation of something *to* an agent. There is a strong legal sense here, expressed in English by the term "seize"; in medieval relationships, someone could be "seized of" something, meaning that they had possession of it.

Bedarfsdeckungswirtschaft—Where economic activity meets agents' immediate needs, but no more: what is generally known in English as a "subsistence economy." *Bedarfsdeckung*—the "meeting of need"; Parsons (TSEO p. 173) translates this concept as "satisfaction of want," which is inappropriate on two counts. While needs are subjective, to describe the meeting of need as "satisfaction" presumes an additional subjective quality that is here left open; what an agent "wants" is not the same as what an agent "needs." The German sense is directed to the latter, not the former, and hence leaves entirely open the basis for the generation of "need."

Bedürfnis, Bedarf—"Need, object of need." In English, "want" and "need" are distinct ideas, but the language of English political economy never turned on "need" in the way that early German political economy did, and so there is a danger that English readers will think more of Hegel's "system of needs" than the more mundane arguments of economists. There is a clear line of development in German economic thinking from "need" (as used in the early nineteenth century)⁸ to the "useful services" (*Nutzleistungen*; see below) that meet this need;

⁸ See the discussion in my *Governing Economy. The Reformation of German Economic Discourse, 1750–1840*, 2nd ed. (Newbury, U.K.: Threshold Press, 2017), pp. 208ff.

hence, to the *Grenznutzlehre* that from the mid-nineteenth century increasingly ordered needs according to marginal degree of satisfaction. Jean-Baptiste Say, the single most influential economic writer of the first half of the nineteenth century, essentially shared this idea regarding subjective needs, and it would be accurate to think of German-Austrian economics as part of a nineteenth-century Continental European tradition heavily influenced by French political economy.⁹ In early nineteenth-century German economics, “value” was already an essentially subjective concept: that which was needed and acquired had a value. In English-language political economy, “value” was a central conception, but not a subjective concept. Moreover, political economy had a utilitarian underpinning that was not clearly articulated until 1862 when Jevons presented an explicitly utilitarian assessment of marginal utility—set up in terms of pleasure and pain. However, while Jevons rejected the Ricardian version of political economy out of hand, commentary has since followed Alfred Marshall and focussed on degrees of continuity and discontinuity between “classicists” and “postclassicists,” rather than what Ricardo and his contemporaries actually wrote. In his entry “Grenznutzen” for the third edition of the *Handwörterbuch der Staatswissenschaften*, von Wieser explicitly associated Menger with Jevons as exponents of the “modern theory,” sharing a common point of departure in marginal utility, and as such, setting their faces against “classical theory.”¹⁰ The detailed references that Wieser appended to his entry¹¹ provide a clear overview of parallel international developments in the early twentieth century, citing more books and articles published in Italy (nine) than in Britain (three).

Beschaffungsmittel—Strictly, “means of procurement / provision.” The root *schaffen* means “making” or “creating,” but it is also employed to refer to making something accessible, or inaccessible, through movement—*herschaffen* and *wegschaffen*. And *anschaffen* means “to purchase,” “to provide,” or “to supply.” The sense therefore goes beyond “means of production” to cover provision through transporting materials to a location where they are consumed (Chapter 2, §6.2). In this case, the object becomes a utility by *virtue* of this movement, the transformation being of location, rather than form (see Chapter 2, §17). There is no single term in English that captures this sense, apart from “capital,” understood as the totality of intermediate goods that create utilities. Hence, Weber, in using

⁹ This is outlined in Roger E. Backhouse and Keith Tribe, *The History of Economics. A Course for Students and Teachers* (Newcastle upon Tyne: Agenda, 2017), lectures 6 and 7.

¹⁰ F. von Wieser, “Grenznutzen,” in *Handwörterbuch der Staatswissenschaften*, Bd. 5, 3rd ed. (Jena: Gustav Fischer, 1910), p. 56.

¹¹ von Wieser, “Grenznutzen,” p. 66.

the term *Beschaffungsmittel*, is in part seeking to avoid using the term “capital,” as some Austrians were inclined to do (e.g., Otto Neurath argued during his trial in 1919 that reports of his speeches used in evidence were inaccurate since he made a point of never using the term “capital”). But not even Böhm-Bawerk, whose work is otherwise characterised by a pedantic insistence on idiosyncratic terminological usage, sought to insist on this—his major work is, after all, *Positive Theorie des Kapitals* (1889). For want of an English term that conveys this sense of “procurement” / “provision,” the translation uses “means of production” where it is clear that this is the prime sense of the text.

Betrieb—As a noun in modern everyday usage, this is used for a “firm” or “enterprise” (see also *Fabrik* below). However, while *im Betrieb* could mean that someone is at a place of work, it would more usually be used to indicate that something is functioning—for example, the computer¹² is “processing,” or more simply “working” if it is *im Betrieb*. This highlights the fact that the verb *betreiben*, to which *Betrieb* is related, translates as “to purposively do something,” “to practice something,” “to engage in something.” Of course, in English “an enterprise” can refer to conduct in this way, too—for example, “free enterprise,” or someone shows “enterprise.” In Weber’s usage, these two senses converge: when in Chapter 2, §1, he refers to *Wirtschaftsbetrieb*, this does not mean “an economic enterprise” in the sense of a factory or a firm (which would, in any event, involve redundancy of expression), but rather “economic enterprise” in the sense of generic conduct. As he goes on to state, this is “continuous economic activity,” and the paragraph as a whole is about economic *action*, not economic *structures*. Weber actively employs this latter sense of *Betrieb* while also occasionally using the term in its more restricted, everyday sense; to make this clear, some variation in translation is required.

Brauch—Translated as “practice” or “usage,” this word has overtones relating to “custom,” but is in fact distinguished from this term. See *Sitte* below.

Chance—A central and consistently recurring term in the text that draws attention to Weber’s emphasis on contingency.¹³ It is, however, used in rather different ways. Primarily it covers the senses of both “chance” and “opportunity.” A “future chance” can best be understood as an “option” in the technical

¹² EDV as a name for computing equipment means “electronic data processing.”

¹³ See Luca Mori, *Chance. Max Weber e la filosofia politica* (Pisa: Edizioni ETS, 2016).

financial sense with which Weber would, of course, have been quite at home, given his study of commodity markets in the 1890s. A fourth sense is that of “calculable probability,” which is clearly what Weber often has in mind. Taking advantage of the fact that the singular of this term is the same in both languages, the term has been left untranslated throughout the text to draw attention to the regularity with which Weber uses it. The plural in German is *Chancen*.

Deutung, deuten—Translated as “construal,” “construction,” or the act of construing empirical reality.” This term has often been translated as “interpretation” or “interpretive,” but interpretation implies the use of a target language grid through which a source language is understood: A is understood in terms of B. By contrast, “construing” something is a more open process, not confined to the translation of a language, since a statement or an action can be open to variant construals and constructions within the same language or semiotic apparatus. As argued by Hans Henrik Bruun, *Deutung* is the medium through which the goal, *Verstehen*, is achieved.¹⁴ See the discussion under *Verstehen* below.

Erfahrung—Relates to “external experience,” the encounter with everyday, empirical processes that, being external to the subject, possess an external, verifiable reality. As contrasted with **Erlebnis**.

Erlebnis—The lived sensation of *Erfahrung*, or how the subject encounters the external, everyday and empirical world. While the distinction between *Erfahrung* and *Erlebnis* is clear, in English these are two senses of “experience” that are distinguished in context, and not lexically. A linked term is *empfinden*, for which “empathy,” “sympathy,” and “appreciation” are used rather interchangeably, on the grounds that *Empfinden* lends access to a replica of an *Erlebnis* for someone capable of the appropriate degree of empathy. Both are clearly distinct from the sense of *Erfahrung*.

Erwerb—Strictly translated as “acquisition,” Weber uses this term to refer to externalised, gainful transactions. Parsons (TSEO p. 191, n. 31) notes that the best translation of *Erwerben* is possibly “acquisition,” but decides on “profit making” to set against “householding.” However, the sense here is not the presence or absence of profit (which is not a simple gain, but a return on invested

¹⁴ Hans Henrik Bruun, “Weber’s Sociology—‘verstehend’ or ‘deutend’?,” *Max Weber Studies* 16, no. 1 (2016): 44–46.

capital and time), but the presence or absence of gainful exchange as a means of securing the existence of an economic agent. Householding presumes an *internal* economy of subsistence, in which exchange can play a part; “acquisition” is a contrasting way of life, in which the existence of the economic agent or unit depends in part or wholly on exchange, an *external* economy of subsistence. Nonetheless, this externalised exchange, while gainful, is not inherently “profitable” in the capitalist sense. It is entirely conceivable for household economies to function in this way, exchanging with other households for the purpose of maintaining, rather than extending, the household, as Weber suggests in his discussion of the division of labour in Chapter 2, §18, and elsewhere.

Erwerbswirtschaft—Translated literally as an “acquisitive economy,” where gainful exchange is dominant and the economy depends for its development on continuous interaction with other units in a network of exchanges. The orientation is explicitly to buying and selling—for example, the sale of labour in return for an income that can then be used to buy goods. It is an economy whose maintenance is based on exchanges between economic units for the purpose of *gain*, one that is therefore distinct from *Tauschwirtschaft*, or “exchange economy,” in which exchange might, or might not, be gainful. Weber also uses *Verkehrswirtschaft*, in which the entire economy depends on networks of acquisitive exchange. We therefore have three terms that cover different degrees of “exchange” economies and some distinction is necessary. While *Verkehrswirtschaft*—an economy based on communication and commerce—is usually translated here as “commercial economy,” this last term is sometimes used for *Erwerbswirtschaft* where the context demands it. The essential distinction here is between exchange for gain and exchange without such an aim; *Verkehrswirtschaft* adds the idea to gainful exchange that this has become systemic and dominates all economic relationships.

Evidenz—Carries the meaning of “transparency,” “obviousness,” or “self-evidence.” Here it is equivalent to the English usage of the word “evident,” but not entirely homologous with “evidence.” That these two terms are semantically related would not normally strike an English speaker as noteworthy when using the words, since “evidence” is used mainly to denote material in support of a proposition or argument; it becomes “evidence” in these terms not by virtue of its “transparency,” but on the contrary because of its relationship to a proposition or argument. Just as there are no “facts” without some kind of context that renders them so, what might be “evidence” is in English usage not necessarily obvious. To compensate for this gap, English speakers use the apparently

redundant construction “self-evident.” The problem here is that in German *Evidenz* does unproblematically carry this meaning of “obviousness,”¹⁵ and the word used for “evidence” in the legal or scientific sense is instead *Beweismittel*, or “means of proof,” and so is clearly distinct. To get around this problem lexically, one would need to introduce a clumsy construction such as “evidentiality,” that is, the quality of being evident. Rather than doing this, I have glossed instances of Weber’s usage to correspond with his sense but added the original term in brackets where appropriate to draw attention to this.

Fabrik—Weber’s terminology of factory, manufacture, enterprise, and undertaking requires clarification not because Weber employed this terminology in any especially idiosyncratic way, but to clarify the way that German distinctions relate to English distinctions. Weber’s definition of this and related terms is “evolutionary”: he defines terms according to the conditions under which the economic structures that they express formed, and which therefore represent their conceptual conditions of possibility. He seeks to establish conceptual distinctions that both map and express the differentiation of activities in developing economies. It is for this reason that his *General Economic History* has to be read as a commentary on the definitions elaborated in Chapter 2. In English, the use of “factory” to refer to a single closed site where industrial processes are applied to raw materials and labour to produce new products dates from the nineteenth century (The Factory Acts). For most of the eighteenth century, a “factory” was a colonial agency run by a “factor” and had little to do with industrial production as would later be understood. In the early years of the nineteenth century, such plants as existed were almost overwhelmingly cotton and wool processors, and were called “mills” (named as such because of the water that provided their principal source of power). Most metal or woodworking was done in a workshop or foundry (as, for example, with the Birmingham small-arms industry), and large-scale enterprise, such as the weaving of woollen cloth, was not concentrated in one site, but distributed among domestic households that worked for a “manufacturer” who distributed raw materials to them and then collected the finished product (also known as “domestic industry” or the “putting-out” system). In Chapter 2, §15.2, Weber distinguishes between the physical organisation of the “enterprise” and the legal form of the “undertaking,” both of which are distinct from the “factory” since each may be based on several

¹⁵ See Franz Brentano, *Wahrheit und Evidenz*, ed. Oskar Kraus (Leipzig: Verlag von Felix Meiner, 1930), pp. 140–50.

sites. Hence, his use of “enterprise” is closer to what in English is a “unit of production,” while it is more usual today to think of an “undertaking” as an “enterprise.” The translation does, however, follow Weber’s usage, since it is clearly defined and intelligible.

Fürsorge—Usually translated as “welfare,” “solicitude,” or “providence.” *Sorge* means “care,” “worry,” or “trouble,” and Weber uses two further variants on this root: *Vorsorge*, meaning “anticipation of a need,” and *Versorgung*, meaning “the provision of goods to meet a need.”

Geltung—This term is usually related to the empirical validity of something, and in this respect it is closely linked to “legitimacy.” However, it can also carry a related sense of “enactment,” “realisation,” “value” or “worth,” “the currency of something,” or “counting for” something. Or if something is *geltend*, then it is simply “prevailing” or “in force.” It is not a central concept as such, but reflects the empirical and processual nature of Weber’s terminology. Hence, the “validity” of legitimacy is not a fixed state, but something requiring constant renewal. Accordingly, the translation seeks to reflect these various senses rather than impose a single translation.

Gesellschaft—As discussed in the Translator’s Introduction, despite Weber’s contribution to the *GdS* being called *Wirtschaft und Gesellschaft* from 1913 onwards, the latter term was never a central concept of “his sociology”: it is neither an object of analysis nor a term that often appears in that work. The basic structural unit of “his sociology” was not society, but the *Verband* (see below).

Handeln—“Sociology” is defined in Chapter 1, §1, as a science of *soziales Handeln*. In the second sentence of Chapter 1, §1, *Handeln* is distinguished from *mensschliches Verhalten*. It is appropriate here to contrast these as “social action” and “human behaviour,” respectively. *Soziales Handeln* is therefore consistently translated here as social “action”; the alternative, “behaviour,” does not necessarily imply intentionality, “action” doing so more strongly—this is the distinction that Weber himself makes. Furthermore, since “social action” is by definition for Weber meaningful, intentional action, the use of “behaviour” fails to capture his sense. For example, while one talks routinely of “animal behaviour,” it is evident that to talk of “animal action” as a synonym for this could only make sense anthropomorphically. The related term *Sichverhalten* is here translated as “comportment.”

There is an argument for translating *Handeln* as “conduct,” since the latter implies deliberation and choice, neither of which are so firmly located in the idea of “action.” In the *Protestant Ethic*, Weber seeks to account for the way life conduct (*Lebensführung*) informed by Puritan values fostered the adoption of practices conducive to the development of capitalism—and so a form of conduct, not the more restricted sense of “action.” “Action” implies singularity more strongly than “conduct,” however, which is better conceived as a sequence or constellation of related “actions.” Accordingly, “conduct” will be treated as the appropriate translation of *Benehmen*, which in German is used in a sense that is similar to “conduct” in English.

Moreover, in Chapter 2 there is an inflection in Weber’s discussion of “action,” since this chapter is devoted to the categories of *das Wirtschaften*, conveying the same sense of ongoing purposive action, but where “economic conduct” would clearly imply ongoing action, not a singular event. The institutional framework that Weber constructs in this chapter makes it more fitting to render *das Wirtschaften* sometimes as “economic action,” as in the chapter title, and at other places as a more generic “economic activity.” By opting for “action” rather than “conduct,” it is possible to keep a clear link between the “social action” of Chapter 1 and the “economic action” of Chapter 2. While this usage conforms to that of Talcott Parsons, in drafting the translation for Chapters 1 and 2 I originally opted for “conduct,” and was only later persuaded to change my practice. So although the text now conforms to Talcott Parsons’s practice, his reason for making this choice was distinct from mine. He had already developed his “action frame of reference” in *The Structure of Social Action*, and this framework was imposed on his approach to translating *Wirtschaft und Gesellschaft* without, however, conceiving of this as a way to link the arguments of chapters 1 and 2.

Handlung—This is translated as generic, purposive “action”; its range includes the story line of a play as well as the more specific action of an individual. As such, it is distinct from “behaviour” (*Verhalten*), “comportment” (*Sichverhalten*), and one’s “personal conduct” (*Benehmen*). Taking up the point made in the previous entry, while we can talk of animal “behaviour” or “activity,” it is a different thing to talk of “animal action,” the former implying a lack of, or unspecified, intention, and the latter implying intentionality.

Haushalt, haushalten—Weber uses this initially with reference to the conception of “household economy,” a primarily subsistence economy oriented to maintenance

rather than profitability, the *oikos* of classical Greece.¹⁶ While a classical concept, Weber usually related his usage to the work of Rodbertus, who had in the 1860s published a series of “investigations on the domain of the national economy of classical Antiquity,” in six parts. In the second of these essays, he referred to the way that free trade was a force that had riven society apart and brought about the decline of the *oikos*, the self-sufficient ancient household that in the third essay he called “the real existing basis, the living, pulsating elementary organism . . . of what the ancients themselves called *polis*. The consequences of this foundation permeate the entire *Staatswesen* and dominate its economic aspect.”¹⁷ The way that Rodbertus presents the *oikos* as a model with which later forms of production can be compared is especially clear in the fourth and sixth parts.¹⁸ Not only did Weber draw on Rodbertus’s conception of the *oikos*; he drew on the use Rodbertus made of it in the analysis of economic organisation.

Today, the contrast between household economy and other forms of production and consumption is usually related to Chayanov’s *Theory of Peasant Economy*,¹⁹ which presents essentially the same idea: decision making in the household is driven by the need to feed and sustain its members, a balance constantly needing to be struck between “hands” and “mouths.” Activity is directed

¹⁶ See my discussion of the classical Greek sense of household management in my *The Economy of the Word. Language, History, and Economics* (New York: Oxford University Press, 2015), pp. 24–27.

¹⁷ Rodbertus, “Untersuchungen auf dem Gebiete der Nationalökonomie des klassischen Alterthums. II. Zur Geschichte der römischen Tributsteuern seit Augustus,” *Jahrbücher für Nationalökonomie und Statistik*, Bd. 4 (1865): 139, citation on p. 343n3.

¹⁸ Rodbertus, “Untersuchungen,” *Jahrbücher für Nationalökonomie und Statistik*, Bd. 5 (1865): 280–81, 285, 293, 297–300, 303, 314; see also the final part, in Bd. 8 (1867): 387f., 400, 405, 446, 448, 450.

¹⁹ See Daniel Thorner, Basile Kerblay, and R. E. F. Smith, eds., *A. V. Chayanov on the Theory of Peasant Economy* (Homewood, IL: Irwin, 1966). Alexander Chayanov’s first study of peasant farming was published in Russian in 1912, and during the next few years he published further work that bears a striking similarity to the principles advanced in Weber’s account of the household economy. See Susan G. Solomon, *The Soviet Agrarian Debate* (Boulder, CO: Westview Press, 1977), pp. 40–44. However, the first general account of these principles was published in 1923 as *Die Lehre von der bauerlichen Wirtschaft. Versuch der Familienwirtschaft im Landbau* (Berlin: Paul Parey). Russian agronomists did draw strongly on the work of their major German contemporaries, as well as on the new discipline of *Betriebswirtschaftslehre* that had developed in the *Handelshochschulen* since the turn of the century, and Weber had of course taught himself Russian at the time of the 1905 Revolution. It is possible that Weber had later come to hear of the new Russian research since it was linked to the reform of Russian agricultural holdings.

by this imperative, not by profitability and efficiency defined with respect to opportunity costs. The household economy, drawing on Rodbertus, plays an important part in Weber's account of economic organisation in Chapters 2 and 3.

However, there is also a quite separate sense of the term in English that in places gives rise to ambiguity. Noun and verb are also used in modern German to cover "budget" and "budgeting," terms also applicable to enterprises and national economies. Parsons more or less consistently translates *haushalten* as "budgeting" rather than "householding" in the sense of Rodbertus; this is rarely appropriate, although there are some passages that remain ambiguous.

Herrschaft—This is a central term in Weber's vocabulary, translated here as "rule" or "rulership." It designates the manner in which social, economic, and political orders are characterised by a governing hierarchy in which decisions are made and executed by a ruling person, or group of persons. It is, of course, related to *Macht*, the means used to exert rule, which, however, can be unproblematically translated as "power," as Parsons notes (p. 152, n. 83). In this footnote, Parsons explains that his preferred choice for the translation of *Herrschaft* is "imperative control," borrowed from N. S. Timasheff, *Introduction to the Sociology of Law*,²⁰ but he notes that in many cases the concept involves *legitime Herrschaft*. He therefore suggests that "authority" can be employed as a translation of *Herrschaft*, which he describes as an "accurate and far less cumbersome translation." He had explained this choice in an earlier footnote (p. 131, n. 59). This line of argument is no longer accepted, the current view being that *Herrschaft* is a term related to, but distinct from, *Macht*, *Autorität*, and *Legitimität*.

The standard English translation of *Herrschaft*, dating from Gerth and Mills, has been "domination," in preference to "rulership" or "leadership,"²¹ but this use of "domination" to translate Weber's usage of *Herrschaft* tends to overemphasise the coercive aspect of rule. Where Weber wished to place emphasis on

²⁰ Nicholas Sergeyevitch Timasheff (1886–1970), *Introduction to the Sociology of Law* (Cambridge, MA: Harvard University Committee on Research in the Social Sciences, 1939). This work is based on an abstract, published in Russian in 1922, of lectures on sociological jurisprudence given in Petrograd.

²¹ See the discussion in Richard Swedberg and Ola Agevall, *The Max Weber Dictionary. Key Words and Central Concepts*, 2nd ed. (Stanford, CA: Stanford University Press, 2016), p. 90. Curiously, however, while *Herrschaft* is certainly one of Weber's key concepts, "domination" does not appear as a central concept in Gerth and Mills's selections and translations, and is indexed neither under "domination" nor *Herrschaft*. Hans H. Gerth and C. Wright Mills, *From Max Weber* (London: Routledge and Kegan Paul, 1948).

coercion, he had other terms: *Gewalt*, *oktroyieren*—degrees of force that flow through the basic relationship of *Herrschaft*. Coupled with *Macht*, domination is a possibility, but this shows that to use “domination” as a translation for *Herrschaft* runs together two ideas that Weber strove to keep separate. Combined with the essential presence of legitimacy, we get “legitimate rule” rather than “legitimate domination.” Weber used a different term for “illegitimate domination”: *oktroyieren*, meaning “to force something on a person or group against their will.” Parsons translated the title of chapter 3, “Typen der Herrschaft,” as “The Types of Authority and Imperative Co-ordination,” but Roth and Wittich changed this in 1968 to “The Types of Legitimate Domination.” In light of recent discussion of legitimacy and the state,²² this idea of “legitimate domination” places together two ideas that Weber sought to separate in what became his *Herrschaftssoziologie*.

As Reinhart Koselleck emphasises, *Herrschaft* emerged in old German quite separately from the existing Latin term *dominium*,²³ and it was still in the seventeenth century a relatively indeterminate term translatable into English as “dominion,” but then also as “authority” “command,” “empire,” “lordship,” “manorial estate,” mastery,” “reign,” “rule,” and “sovereignty.”²⁴ In her introduction to MWG I/22-4, Hanke traces the genesis of Weber’s use of *Herrschaft*, noting first that in a letter to Roberto Michels dating from 1910 Weber suggested that the term remained flexible, ambiguous.²⁵ At the time, this was a legal and not a social term (Gierke, for example, linked *Herrschaft* to *Verband*), but it involved personal rule, not impersonal organisation. In Weber’s hands, it eventually became a generic property of any *Verband*, the “organising principle” of all “organisations.”

A problem does arise in the historical dimension of this concept, for “rule” has been exercised by quite varying historical institutions, from early kingships, through feudal estates and manors, to the modern factory, with varying degrees and forms of compulsion. Here again, it is evident that “domination” is too uniform and blunt an idea to convey Weber’s meaning. *Herrschaft* is therefore generally translated here as “rule” or “rulership,” with, for example, *Herren* as

²² See Andreas Anter, *Max Weber’s Theory of the Modern State. Origins, Structure and Significance* (Houndmills, U.K.: Palgrave Macmillan, 2014), chapter 2.

²³ Reinhart Koselleck, *Einleitung* to entry on “Herrschaft” in Otto Brunner, Werner Conze, and Reinhart Koselleck, eds., *Geschichtliche Grundbegriffe*, Bd. 3 (Stuttgart: Klett-Cotta, 1982), p. 1.

²⁴ Horst Günther, “III. ‘Herrschaft’ von der frühen Neuzeit bis zur französischen Revolution. 1. Begriff, Bedeutung und Gebrauch,” in “Herrschaft,” *Geschichtliche Grundbegriffe*, Bd. 3, p. 14.

²⁵ Edith Hanke, *Einleitung* to MWG I/22-4, p. 4, referring to a letter of 21 December 1910.

“lords” when the context is medieval Europe, and “masters” when Weber is discussing the early stages of industrial production.

Herstellung, herschaffen—See also *Beschaffungsmittel* above. While it is quite usual in modern German to use these terms, literally, “make” / “place here,” as synonyms for “production,” Weber couples the “here” with “move here.” His usage is complicated by the fact that *schaffen* also means “to make” or “to create,” and is also part of a couple, *hinschaffen* and *herschaffen*, to “move [something] away” and to “move [something] here.” By using the root *schaffen* for a number of economic functions—production, means of production, trade, and transport—Weber is able to establish a connection between these functions that cannot be replicated directly in English. *Herstellung* is therefore translated conventionally as “production,” and *Herschaffen* as transport.

Idealer Typus—The Weberian “ideal type” is not actually an idealisation of a given form or institution, but rather a *Gedankenbild*, a thought-image of the leading characteristics associated with a form or institution employed in ordering historical reality. As such, it is a heuristic instrument used in historical investigation, and not the outcome of such investigation. It is not a model of a given historical reality, nor is it the essential nature of that reality; it is far looser, unhierarchised, and preliminary than that would suggest. Weber wrote to Rickert in 1904 suggesting that he had taken the term from Jellinek’s *Allgemeine Staatslehre*,²⁶ noting, however, that while Jellinek’s usage was perfect “in a logical sense,” it was not serviceable as a “model.” In fact, Weber’s own use of the “ideal type” is closer to what Jellinek himself called an “average type,” a distillation from the variety of phenomena. Jellinek himself defined the “ideal type” normatively, as the “best state” of a given form or institution, that is, an idealisation of an institution rather than a delineation, and so consequently not an analytical category.²⁷

Kampf—Literally, “struggle.” This is a central conception for Weber introduced in Chapter 1, §8. As he there makes clear, there is a Spencerian tinge to this idea of a “social struggle,” but the broad use that he makes of the term means that the simple use of “struggle” as a translation would exaggerate these contemporary echoes of Social Darwinism. The term is therefore translated variously as “conflict”

²⁶ Max Weber to Heinrich Rickert, 14 June 1904, Heidelberg, in MWG, Bd. II / 4, p. 230.

²⁷ See Introduction, n. 25.

or “contest,” retaining the sense of struggle, but limiting the martial overtones. This is itself warranted by the way that in the paragraphs following Chapter 1, §8, Weber opens out his usage.

Leistung—This covers a wide range of performative qualities, such as the proficiency or achievement of a person, so that *eine schlechte Leistung* would be “a poor effort.” Correspondingly, the plural form, *Leistungen*, can be translated positively as “accomplishments.” Alternatively, the term refers to the power output of a machine, a payment, a service, a social benefit, or the efficiency of a machine or person. In addition, what in economic terms are treated as “services” are today referred to in German as *Dienstleistungen*, literally, “services performed,” but for want of an alternative when Weber writes of *Leistungen* in *this* context it is likewise translated as “services,” since these are necessarily “performed.” In Chapter 2, §16, Weber discusses the division and combination of *Leistungen*, which in *this* context is what in English and French (e.g., Adam Smith and Emile Durkheim) is understood as the division and combination of *labour*. Here “work” is also employed as a measurable output from given inputs, as in classical physics. See **Nutzleistung** below.

Naturalwirtschaft, Naturalrechnung—“Natural economy,” “accounting *in natura*” refers to the conduct of economic action without the use of money, either as a means of exchange or of account. Normal English usage refers to this concept as “in kind,” but to adopt this consistently would lead to some rather clumsy formulations, especially with regard to “goods in kind,” which in German are simply *Naturalien*. Although “natural economy” would not be immediately understood in English as specifically a moneyless economy, and has undesirable echoes of a “state of nature,” this usage is in places followed here because it plays such a central role in Weber’s argument in Chapter 2 and it is important that its compounds be clearly related. I therefore sometimes use the suffix *in natura* rather than “in kind” to preserve this link.

Nutzleistung—This is mostly used today in its technical sense, related to machinery or electrical equipment, as “usable output” or “effective capacity” (see **Leistung** above). Weber took the term over from his reading of early Böhm-Bawerk, who sought in this way to make a sharp differentiation between what a good materially provides in satisfying a need and the value attached to this provision.²⁸ Böhm-Bawerk’s

²⁸ The term appears in the manuscript of the paper Böhm-Bawerk presented as a student in Knies’s Heidelberg seminar during 1876. Knies then used the term himself in the second part

Rechte und Verhältnisse, chapter 3, is devoted to this concept, where he argues that a good has a value because of the qualities associated with its *Nutzleistung*, and not the other way around.²⁹ The issue is then taken up again and elaborated in *Kapital und Kapitalzins Abt. I*.³⁰ Weber makes the same point in Chapter 2, §2.2, referring explicitly to Böhm-Bawerk. It can be argued, however, that for all the emphasis that Böhm-Bawerk places on this concept, he succeeds in doing little more than recapitulate a distinction implicitly made in the second edition of Say's *Traité*, where Say emphasised that the consumption of a good involved the destruction of utility rather than of matter.³¹ For Say, it was not the material object itself that was significant, but what that object provided to its consumer; Böhm-Bawerk makes the same kind of distinction.³² William Smart, Böhm-Bawerk's translator, noted the difficulty of rendering this term succinctly, and opted for "material services," discussing the issue at some length in a translator's note.³³ But any modern reader must be sceptical of the result.³⁴

of vol. 2 of *Geld und Kredit*, published in 1879, contrasting *Nutzleistung* to *Nutzwirkung* exactly as had Böhm-Bawerk, but without acknowledgement. He later apologised for the oversight in failing to acknowledge that he had borrowed the term from Böhm-Bawerk. See Kiichiro Yagi, "Böhm-Bawerk's First Interest Theory, with C. Menger-Böhm-Bawerk Correspondence, 1884–85," Tokyo Study Series No. 3, Centre for Historical Social Science Literature, Hitotsubashi University, March 1983, p. 3. The Böhm-Bawerk 1876 manuscript is reprinted here in its entirety, pp. 16–35, with the definition of *Nutzleistung* on p. 23.

²⁹ Eugen von Böhm-Bawerk, *Rechte und Verhältnisse vom Standpunkte der volkswirtschaftlichen Güterlehre* (Innsbruck: Verlag der Wagner'schen Universitäts-Buchhandlung, 1881), p. 63.

³⁰ Eugen von Böhm-Bawerk, *Kapital und Kapitalzins. Erst Abtheilung: Geschichte und Kritik der Kapitalzins-Theorien* (Innsbruck: Verlag der Wagner'schen Universitäts-Buchhandlung, 1884), p. 266.

³¹ Jean-Baptiste Say, *Traité d'économie politique*, vol. 1.2 of *Oeuvres Complètes* (Paris: Economica, 2006), p. 855. The clarification in question was added to the second (1814) edition. While in *Rechte und Verhältnisse* Böhm-Bawerk does not refer directly to Say in this context, having earlier discussed Say's related distinction between material and immaterial products, in his second book he discusses Say's use of *services productifs* and rejects such usage for his own purposes on the grounds that services can only be supplied by persons, not things. This, he suggests, is not an objection that can be made against his use of *Nutzleistungen*. See von Böhm-Bawerk, *Kapital und Kapitalzins*, p. 270n1.

³² von Böhm-Bawerk, *Rechte und Verhältnisse*, p. 59: "The exhaustion of the *Nutzleistungsfähigkeit* brought about by the use of a good is often called the *Verbrauch* or *Konsumption* of the same." The connection to Say was well established. Lorenz von Stein noted that both Rau and Roscher adhered to Say's conception of consumption as the destruction of value, not of a material good or service. See Lorenz von Stein, *Lehrbuch der Volkswirtschaft* (Vienna: Wilhelm Braunmüller, 1858), p. 28.

³³ Eugen von Böhm-Bawerk, *Capital and Interest: A Critical History of Economic Theory* (London: Macmillan, 1890), book III, chapter 5.

³⁴ "The individual useful forthputtings of natural powers that are obtainable from material goods I propose to designate as 'Material Services.' In itself, indeed, the word 'Use' (*Nutzung*)

Böhm-Bawerk was clearly quite smitten with his neologism, but quickly retreated from the idea that it was of central importance; there is a lengthy discussion of the term in *Positive Theorie des Kapitals*,³⁵ but not as a central element in his exposition of capital. The term is not at all prominent in the many expository accounts of the “new economics” appearing during the 1890s and, it is important to note, it was never adopted by Wieser. He had used the term in his 1884 book *Über den Ursprung und die Hauptgesetze des wirthschaftlichen Werthes*, suddenly introducing the word precisely at the point where he introduces for the first time the concept of *Grenznutzen*, meaning “of marginal utility”—but it quickly becomes clear that *Nutzen* and *Nutzeffekt* are for him synonymous and interchangeable with *Nutzleistung*.³⁶ There is furthermore no entry for *Nutzleistung* in the first three (pre-1914) editions of the *Handwörterbuch der Staatswissenschaften*, which rather suggests that it was not generally regarded as a central concept. The principal significance of Weber’s usage of this term in *WuG* K. 2 is not therefore that he is making an important distinction that must be reflected in translation, but that it is a mark of how much the text written in 1919–1920 draws directly on material he had last worked through in the 1890s.³⁷ This is pointed up by the fact that, for example, von Wieser’s 1914 *GdS* exposition of economic theory does not place any emphasis on this term, consistent with his earlier writing. When Weber introduces the term in *WuG*,

would not be inappropriate; but to adopt it would be to surrender our conception to all the obscurity that now, unfortunately, hangs over that ambiguous expression.” Böhm-Bawerk goes on in the following paragraph: “The conception of Material Services is, in my opinion, destined to be one of the most important elementary conceptions in economic theory. In importance it does not come behind the conception of the economic Good.” *Capital and Interest*, book III, chapter 5, para. 9, 10; cf. *Kapital und Kapitalzins*, pp. 269–70. The pointlessness of proceeding in this way can be shown by asking a simple question: What, then, are “immaterial services”? Services are normally thought to be “immaterial” as in “goods and services,” a distinction that runs back to Adam Smith’s distinction between productive and unproductive labour on the basis that the former produce tangible products (a coat), and the latter, intangible ones (like a court judgement).

³⁵ *Kapital und Kapitalzins. Zweite Abtheilung. Positive Theorie des Kapitals* (Innsbruck: Verlag der Wagner’schen Universitäts-Buchhandlung, 1889), pp. 362–63n1. Smart follows Böhm-Bawerk here in simply equating the term with material and personal services. See *The Positive Theory of Capital*, trans. William Smart (London: Macmillan, 1891), pp. 339–42n2.

³⁶ Friedrich von Wieser, *Über den Ursprung und die Hauptgesetze des wirthschaftlichen Werthes* (Vienna: Alfred Hölder, 1884), pp. 127–28.

³⁷ “‘Güter’ im Sinne der Theorie sind Nutzleistungen von Menschen und sachlichen Objekten . . .,” *Grundriss zu den Vorlesungen über Allgemeine (“theoretische”) Nationalökonomie* (Heidelberg 1898). “Erstes Buch: Die begrifflichen Grundlagen der Volkswirtschaftslehre” §2. Die Wirtschaft und ihre elementare Erscheinungen: 4. Die ‘Güter.’” *MWG* III/1, p. 124.

chapter 2, §2, it is defined synonymously with “utility” as employed by Menger and others—material *Nutzleistungen* are goods, human *Nutzleistungen* are services. Apart from the term being directly untranslatable, as Smart noted, it is highly questionable whether Weber in his usage thereby adds anything to the existing conception of “utility,” *Nützlichkeit*, the quality of being useful to someone. Whereas engineers would be interested in the efficiency of a machine’s output, there is no direct analogy in this respect with regard to goods: economics is an account of what is used and how, not what might be used but is not. Reviewing the new Austrian terminology, Lehr stated in 1889, “When I refer here to *Nützlichkeit*, I am not thinking of some kind of ‘philosophical’ or ‘objective’ utility, nor of some technical usability, of physiological effects, a utility for ‘humanity in general,’ or something that a third party considers suitable and useful to me. Rather, I have in mind a utility recognised by my very personal sovereign judgement, and since this only involves comparisons, simply the value that a particular quantity of goods has for me. It is initially a matter of no consequence whether my judgement is founded on sufficient knowledge, or on error.”³⁸ Weber included Lehr’s *Grundbegriffe und Grundlagen der Volkswirtschaft* (1893) in his 1898 reading list.³⁹ We have little choice but to translate *Nutzleistung* as “utility,” since the alternative use of “services” (personal and material) would directly mislead,⁴⁰ bearing in mind that while “utility” became a generic term for modern economics, it did follow two distinct paths of development, and that Weber’s usage is most definitely in the German-Austrian (and French) tradition, not the English.

Sitte—Translated as “custom,” which in English today, however, is very close to a neutral “usage” or “practice.” But the proximity of this term to *Sittlichkeit*, and the fact that Kant’s *Metaphysik der Sitten* (1785) has been translated both as the “metaphysics of morals” and as the “metaphysics of ethics” alerts us to ethical overtones. Hence, in translating *Sitte* as “custom” we should not lose sight of the way that, for Weber, the point of such practices was not merely that they were

³⁸ J. Lehr, “Wert, Grenzwert und Preis,” *Jahrbücher für Nationalökonomie und Statistik*, Neue Folge Bd. 19 (1889): 41–42.

³⁹ See my “Max Weber and the ‘New Economics,’” in *Austrian Economics in Transition. From Carl Menger to Friedrich von Hayek*, ed. Harald Hagemann, Tamotsu Nishizawa, and Yukihiro Ikeda (Houndmills, U.K.: Palgrave Macmillan, 2010), p. 76.

⁴⁰ Smart himself uses the term “services” to refer to that which a machine produces; see his “The New Theory of Interest,” *Economic Journal* 1 (1891): 685.

long-established, but that they had thereby acquired an ethical force for those whose customs they were.

Stab—Literally, “staff,” more in the military sense of an organisational core rather than simply the members of the organisation. The “staff” of a school, for example, refers primarily to its teachers and core managers, not to ancillary workers, nor strictly to teaching staff on temporary contracts. The distinction is, however, fading in the English language, reflecting the delayering of organisations and the aspiration, or even pretence, that organisations are becoming less hierarchical. When Weber uses the term “staff” with respect to an economic organisation, for instance, this sense is close to what might today be referred to as a “management team,” reflecting this idea that strict hierarchy is giving way to joint decision making. But to translate *Stab* as “team” would subvert Weber’s sense entirely. It is for this reason that Weber’s usage has a military ring, given that the armed forces are perhaps today the last bastion of formal distinctions by rank and in which “staff officers” still have a clear function.

Stand, Stände—In early modern Germany, the *Stände*, local groups based on family and social rank, controlled the right to taxation, so that a monarch seeking to raise money had first to reach agreement with the different *Stände*. The term persists in modern German: the *Beamtenstand*, for example, being public officials and civil servants as a social group. Early modern England had no such equivalent—the right to taxation ran through parliament, which, although assuming different forms through the centuries, combined territorial and social representation in the Commons and Lords, respectively, constituent “houses” of a Parliament since the early fifteenth century. Hence, the idea that power lay in the hands of specific, nonterritorial social groups was inconceivable, or more exactly, was consigned to the past once Henry Tudor brought the rivalry of the Houses of York and Lancaster to an end in 1485. Our problem, then, is that the social distinction implied by *Stand* has no conceptual corollary in modern English, for since early modern times society has not been organised in this way. In seeking an appropriate translation, we must also pay attention to modern usage: “status,” the translation Parsons employs in places, is today far too diffuse an idea to convey the precise sense of social positioning that *Stand* implies. It is therefore for the most part translated as “social rank,” apart from passages where “social status,” “hierarchical,” or “social hierarchy” seems more appropriate.

Technik—The boundary between “technique” and “technology” is not the same in German as in English, and the decision has been made here to translate this

term in Chapter 2, §1, as “technology,” since the sense employed by Weber refers more to a framework of knowledge, devices, and practices (a technology) than to one specific action (a technique). The difficulties here are evident in Weber’s usage in Chapter 2, §1.4, where he refers in the same sentence to *technologische Entwicklung* and the *Geschichte der Technik*.⁴¹

Weber drew heavily for his understanding here on Gottl’s entry in the *GdS*, where he states that while *Technik* is here meant in the sense used in “technical progress,” “technical achievements,” and “technical knowledge,” it did, in fact, include all forms of human activity, for which there must be some general concept, a *Gattungsbegriff*.⁴² He then suggests that *Technik* and action belong together, but with a dual sense: subjectively, as a capacity or skill, the art of finding the proper path to an end; objectively, it is an object in itself, separate from the actor, but always related to a particular human activity. Common to all senses of *Technik* is that it secures success for our actions, and so can be understood as the “totality of procedures and resources of action seeking to dominate nature.” From this, Weber moves to demarcate *Wirtschaft* and *Technik* as, respectively, ordered action directed to the satisfaction of needs, and the orderly execution of this action.⁴³ Later, discussing technological and economic progress, he states:

Technologically, one forwards movement *follows* another, whereas economically one move forwards *determines* another, creates it of itself, or the extension of production in its spirit. But their interplay is not everything; technical progress only becomes a living whole through the *inter-relationship of technical problems*.⁴⁴

As Eric Schatzberg has shown, Thorstein Veblen had a major influence on the translation of *Technik* into “technology” as “material practices and craft knowledge,” developing his ideas from Sombart in particular.⁴⁵

Typisch—This translates as “typical,” and this is the practice in the text, but when Weber uses the term the reference is to *his typology*, and *not* in the usual

⁴¹ WuG 1922, p. 33; MWG I/23, p. 222.

⁴² Friedrich von Gottl-Ottlilienfeld, “Wirtschaft und Technik,” in *Grundriss der Sozialökonomik. Erstes Buch: Grundlagen der Wirtschaft: Abt. II Die natürlichen und technischen Beziehungen der Wirtschaft* (Tübingen: J. C. B. Mohr [Paul Siebeck], 1914), p. 205.

⁴³ Gottl-Ottlilienfeld, “Wirtschaft und Technik,” pp. 207–8.

⁴⁴ Gottl-Ottlilienfeld, p. 343.

⁴⁵ Eric Schatzberg, “Technik Comes to America: Changing Meanings of Technology before 1930,” *Technology and Culture* 47 (2006): 486–512, especially pp. 495–96 (for Weber and Sombart), p. 497 (Seligman), and pp. 500–503 (Veblen).

English sense that something is usual, or to be expected. For Weber, something that is “typical” relates directly to one of the types that he has elaborated.

Verband—This term is first formally introduced in Chapter 1, §10.1.d). Initially in Chapter 1, Weber uses the term *Kreis* for “a social grouping” (as in the second paragraph of §4; §4.2; §5.3; §6.II.a; §6.1; and §6.4), or *Gruppe(n)* in §9.4, and in the second paragraph of §10. But from Chapter 1, §10.1.d), *Verband* displaces *Kreis* or *Gruppe* as a generic term for a social group, although at this point *Verband* has not yet been defined. Hence, up to Chapter 1, §12, Weber’s generic terms for a social group are translated as seems most fitting to the context, since he has not yet in any case introduced the defining characteristic of a *Verband*. This translation practice changes once he does so.

As defined in Chapter 1, §12, a *Verband* is a generally organised set of social relations structured by a staff (see the entry for *Stab*) that can act in its name; the term is provided with various prefixes to specify what particular kind of organisation it might be. The German root *Band* is clearly the source for the English “band,” an “organised company” of men and women, which usage the OED first records in 1490 as “Mesapus wyth a goode bande of folke” (Chaucer), a social group or company of “companions,” united by a common bond (the band that binds them together). Today, this sense carries a sense of archaism (“Band of Brothers” making positive use of this) and the sense of a social group is now dominated by its musical cognate, a “band of musicians.” If anyone said they were in a band, it would be assumed that this most probably meant a (popular) musical group, or a brass band. “Band” cannot, therefore, be used unproblematically as an English translation of the German *Verband* (the prefix simply denoting the sense of association, i.e., “the bonded,” although backtranslating this we would get *die Verbundene*). It seems most appropriate therefore to translate *Verband* consistently with the neutral “organisation,”⁴⁶ since other possibilities (union, federation, association) carry overtones that lead us away from the idea that this is a generic form of social order. While Weber could have used “organisation,” but did not, justification for this lies in the doubling of Germanic and Latinate roots: *Verband* is Germanic, “organisation” is Latinate. “Group” is inappropriate, since missing here is the implication of internal structure that “organisation” implies, and this is essential to Weber’s concept of *Verband*.

Weber did, however, systematically distinguish *Verband* from *Verein* (association) and *Gesellschaft* (society). Indeed, his passion for clear definitions of this

⁴⁶ As does Guenther Roth, arguing against Parsons’s use of “corporate group.” *E & S*, p. 61n.27.

type is evident very early on in his career. The first chapter of Robert Liefmann's 1897 dissertation on cartels is entitled "Der Begriff des wirtschaftlichen Verbandes," introducing a distinction between *Verband*, *Verein*, and *Gesellschaft* of such striking clarity that it can only have originated with his supervisor Max Weber, given that Liefmann never again in his voluminous and rambling works sought to demarcate concepts in such a systematic manner. All three terms involve relationships between economic subjects pursuing the same end, but with differing degrees of formalisation of that joint purpose. An economic *Verein* is defined as a *Verbindung*, a "binding together," of several economic subjects for a common purpose whose pursuit is external to their occupational economic activity—the example given is of shopkeepers who band together to make an appeal for Sunday closing. By contrast, a *Verband* exists if the same shopkeepers come to a common agreement to keep their shops closed on Sunday, without agitation or petition. This involves joint action directly engaging with their economic activity, but binding only those who are party to this agreement. A *Gesellschaft* unites these two elements: it involves joint action aimed at bringing about changes that will directly affect the economic activity of all shopkeepers.

While the *Verein* requires no economic activity of its members, nor influences it, but is aimed only at the creation of circumstances that will have an impact on the activity of individuals, and while the *Verband* regulates the occupational activity of its members in their common interest insofar as such regulation furthers the objectives of the *Verband*, so a *Gesellschaft* is a *Verbindung* of economic subjects for the purposes of direct, communal (*gemeinschaftlicher*) activity.⁴⁷

These distinctions can also be made in terms of the economic subjects involved. A *Verein* might include shopkeepers, but any other interested person could also join. Membership of a *Verband*, by contrast, would require that the member be a shopkeeper. Another way of defining them is by their relation to external parties. In a *Verein*, it is a matter of indifference whether all those who can join do—the existence of the *Verein* is independent of those who are not members. But a *Verband* is only viable if in the long run most of those to which it relates become members. "Association," "organisation," and "society" therefore seem the appropriate translations for these three terms, even though *Organisation* was a term that Weber could have used here, but did not.

⁴⁷ Robert Liefmann, *Die Unternehmerverbände (Konventionen, Kartelle). Ihr Wesen und Ihre Bedeutung* (Tübingen: C. B. Mohr [Paul Siebeck], 1897), p. 12.

Verein—See *Verband*.

Verfügungsgewalt—A recurring concept that can be translated as “power of disposition”; Parsons (p. 150, n. 7) notes this and suggests that it represents the point of contact between economic and legal discourse, but it involves more than the *right* of disposition over resources; it also implies a *capacity* to employ available resources. In fact, the term is frequently used by Menger, and is explained as follows: “A good is *verfügbar* to someone in the economic sense of the word when he is in a position to obtain it for the satisfaction of his needs. Physical or legal obstacles can stand in the way of this. The wealth of a ward of court, for example, is not at the disposition of a guardian in the above sense of the word.”⁴⁸ Menger argued that four qualities were necessary for an object to become a good:

1. a human need,
2. property of a thing that makes it suitable for the satisfaction of this need,
3. recognition of this causal relationship on the part of a person, and
4. disposal over the thing so that it can actually be employed to satisfy the need.⁴⁹

This last element is covered by this conception of “power of disposal,” in monetary terms equivalent to “effective demand,” but in fact a far broader conception. This “power of disposal” also covered the dimensions of time and space: the good might be a future good, not yet existing but on which an option might be exercised, or it might be spatially removed from the subject, so that the power of the subject to immediately employ the services provided by the good was limited geographically. Weber would make use of both these senses in the exposition of Chapter 2.

Vergemeinschaftung—This is part of the couple *Vergemeinschaftung* and *Vergesellschaftung*, which is obviously taken from Tönnies (chapter 1, §9.1), but where the initial (mis)translation of the title of his book *Gemeinschaft und Gesellschaft* into English as *Community and Association* is only one of the obstacles with which we have to deal. Moreover, the prefix *Ver* makes these processes of “communitisation and societisation,” and not static conditions. In

⁴⁸ Carl Menger, *Grundsätze der Volkswirtschaftslehre* (Vienna: Wilhelm Braumüller, 1871), p. 70n.

⁴⁹ Menger, *Grundsätze*, p. 3.

the hands of Tönnies, this process was a one-way street away from the security and stability of rural family life; Durkheim's idea that society moved from mechanical to organic solidarity is analogous, but lacks Tönnies's conservative baggage. Weber was quite explicitly *not* seeking to develop a general theory of social development of this kind, but instead used this terminology to explain individual processes. Parsons obviously borrowed from Tönnies's translation by translating *Vergemeinschaftung* as "communal," as contrasted with translations of *Vergesellschaftung* as "associative."⁵⁰ Lawrence Scaff translates a *Vergemeinschaftung* as a "communal social relationship,"⁵¹ hence not implying that this is a formal social order, but which does not transmit the important dynamic, processual sense that suffuses Weber's terminology. A "communalised order" and the process of "communalisation" are admittedly somewhat clumsy solutions, but moderated if we do not insist on going on to create a truly clumsy pairing with "societisation." The cost of translating *Vergemeinschaftung* as "communalisation" and *Vergesellschaftung* as "sociation" is that we lose a link that is manifest in German, but since Weber was contrasting two processes, and not linking them, the benefit is greater than the cost.

Vergesellschaftung—As noted above, this term would somewhat clumsily, if accurately, be rendered as "societisation," but if we follow Lawrence Scaff's usage and choose "sociation,"⁵² it becomes easier to form the compounds that Weber developed around this idea. Weber borrowed the idea from Simmel's sociology, gave it a content related to Tönnies's account of the movement from *Gemeinschaft* to *Gesellschaft*, while at the same time jettisoning the linearity of Tönnies's usage. As Klaus Lichtblau has shown,⁵³ for Simmel the relevant opposition was individual to society, not community and society, and so to translate this term as "socialisation," as might seem the obvious course, leads the sense directly back to Simmel, since this was, and still is, a process generally understood as applying to individuals. Part of the significance of *Vergesellschaftung* is that Weber does not, in fact, have a central concept of *Gesellschaft* / society, despite the work's title. However, note should be made that this term was in use in the later nineteenth century and Weber actually uses it in the closing

⁵⁰ Roth and Wittich follow Parsons here: *E & S*, pp. 40ff.V

⁵¹ Lawrence Scaff, *Max Weber in America* (Princeton, NJ: Princeton University Press, 2011), p. 114.

⁵² Scaff, *Max Weber in America*, p. 133.

⁵³ Klaus Lichtblau, "Vergemeinschaftung and Vergesellschaftung in Max Weber: A Reconstruction of His Linguistic Usage," *History of Economic Ideas* 37 (2011): 454–65.

passage of *Zur Geschichte der Handelsgesellschaften im Mittelalter* (1889), where he is discussing the manner in which legal partnerships are constituted; Knies also uses the term in the 1883 textbook that Weber would have known.⁵⁴ This processual usage therefore conforms to the manner in which Weber finally came to use it in 1920, although of course it is not yet in 1889 one element articulated into a set of basic sociological concepts.

Verkehrswirtschaft—This is translated as “commercial economy” (see the discussion above under *Erwerbswirtschaft*). Parsons (see the opening of §14, p. 196) translates it as “market economy”; Weber, however, could quite conceivably have used the word *Marktwirtschaft*, but he did not. Some other solution is necessary that implies the sense of a network of exchanges. *Verkehr* can be translated as “communication,” “traffic,” “intercourse,” or “commerce”—it seems most suitable therefore to draw on the term that was current in the eighteenth century, “commercial society,” and translate *Verkehrswirtschaft* as “commercial economy,” representing a more explicitly developed form of exchange economy. Adam Smith and Adam Ferguson, among others, used “commercial society” to refer to a sense of economic modernity that went beyond the presence or absence of market relationships; this is the most appropriate translation in this context.

Vermögen—Parsons (p. 172, n. 3) notes that there is no direct translation of this term. The word would usually be translated as “property,” perhaps here more appropriately “economic property,” but this would raise further problems. Parsons opts for “resources” where appropriate, but this ignores Menger’s contention that *Vermögen* is “the totality of *economic* goods at the disposal of an economising subject.”⁵⁵ Menger introduces a lengthy discussion, beginning with Malthus’s definition of “wealth” and then moving to Say’s concept of “richesse.” The term is therefore consistently translated as “wealth.”

Vorsorge—Literally, in a precautionary sense “to anticipate and provide for a need” (*vor-sorgen*); it links to *Verfügungsgewalt* as the power of disposition over objects that this “anticipation” has made available. It contrasts with *Fürsorge* (see above), meaning “caring for” in the sense of solicitude, or welfare.

⁵⁴ See *The History of Commercial Partnerships in the Middle Ages*, trans. Lutz Kaelber (Lanham, MD: Rowman & Littlefield, 2003), p. 181, and Carl Knies, *Die politische Oekonomie vom geschichtlichen Standpunkte*, Neue Auflage (Brunswick: C. A. Schwetschke und Sohn [M. Bruhn], 1883), p. 6.

⁵⁵ Menger, *Grundsätze der Volkswirtschaftslehre*, p. 70.

Verstehen—Generally here rendered as “understanding,” its standard meaning in German. This concept plays a central role in Chapter 1 where Weber argues for a *verstehende Soziologie*; the term, however, first emerges in Weber’s writings in 1897.⁵⁶ This collocation is often rendered as “interpretive sociology,” running together the act of interpretation and the condition of understanding, and also interfering with the translation of *Deutung* (see above). Parsons (pp. 87–89, nn. 2, 3) notes that he does not adhere to a consistent translation of the term, using also “subjectively understandable,” “interpretation in subjective terms,” and “comprehension.” These synonyms bring with them serious problems and are here eschewed; as far as possible, the term *Verstehen* is translated as “understanding” or “understandable,” and where absolutely necessary, the German term is allowed to stand.

As Peter Ghosh makes clear, there are allusions here that can be misleading: there is an everyday sense of “understanding” meaning grasping what someone has just said, thus implying a communicative match between what was intended and what was “understood,” as opposed to the more complex retrospective “understanding” of conduct in terms of a particular context that addresses itself not to the agent’s intentionality but to the context in which such an intentionality can be formulated. It does not therefore necessarily imply that the agent is “understood” in the first sense. Ghosh also points out that Weber routinely qualified his use of the term (*nacherlebend, erklärend, deutend*), and suggests that he actually favoured *Deutung* as less ambiguous. Ghosh himself favours translating *Deutung* as “construction” or “construal,”⁵⁷ such that *deuten* refers to a process and *verstehen* to its outcome. This is a helpful distinction that is followed here, given the strongly processual character of Weber’s conceptual armoury.

Wirtschaft—Straightforwardly, the “economy,” usually today, however, understood as a *national* economy. Weber, however, employed the term to refer to any economic unit, whatever the scale. It should also be noted that the term is still used in southern Germany as a synonym for an inn or restaurant, for of course a *Wirt* is an innkeeper.

Wirtschaften—This is translated as “economic action.” The new economics that gained ground in the later 1880s and 1890s was subjectivist and centred on

⁵⁶ Peter Ghosh, *Max Weber and ‘The Protestant Ethic’: Twin Histories* (Oxford: Oxford University Press, 2014), p. 130.

⁵⁷ Ghosh, *Max Weber*, pp. 41, 130–31.

economic agents' perceptions, decisions, and actions. Such agents thereby engaged in "economising activity," a conception conveyed in the verb *wirtschaften*. Literally, this means "to economise," but even at the time the meaning of this was in English broadly understood in its more restricted, "parsimonious" sense. In Chapter 2, §1.5, Weber contrasts "economy" with "technique," a distinction that he explicitly aligns with that between "ends" and "means," respectively. If we follow this line of thought, we can note that in English "economising" is clearly a technique employed as a means in relation to an end and that this therefore falls outside Weber's own conception of *wirtschaften*, for "economising" in this sense does not involve any direct consideration of ends. We could say that in German, *wirtschaften* is strongly intransitive, whereas in English "economise" is a strongly transitive verb, since even when used intransitively it implies that something has to be economised. Neville Keynes noted the same distinction that Weber makes between technique and economy, means and ends, in the very first paragraph of his *Scope and Method of Political Economy*:

§1. *Nature and importance of the enquiry into the scope and method of political economy.*—In the terms *economy* and *economic* there is an ambiguity that underlies much of the current confusion as to the nature of political economy. Any line of action is commonly termed *economic*, when it attains its end with the least possible expenditure of money, time, and effort; and by *economy* is meant the employment of our resources with prudence and discretion, so that we may derive from them the maximum net return of utility.

But the words are also used in a sense not implying any specially reasonable adaptation of means to ends; and in works on political economy, the term *economic* is generally employed simply as an adjective corresponding to the substantive *wealth*. By an economic fact, accordingly, is understood any fact relating to the phenomena of wealth. By economic activities are meant those human activities that direct themselves towards the creation, appropriation, and accumulation of wealth; and by economic customs and institutions, the customs and institutions of human society in regard to wealth.⁵⁸

Clearly, Weber followed Austrian usage and employed the term in this second sense, but it was already overshadowed in English usage by the first sense, and this formed such a stumbling block that Keynes sought to clarify the point on

⁵⁸ J. N. Keynes, *The Scope and Method of Political Economy* (London: Macmillan, 1891), pp. 1–2.

the very first page of his exposition. In the same year, William Smart, the foremost English-language exponent of Austrian economics, published a short introduction to the work of Menger, von Wieser, and Böhm-Bawerk, which also confirms the existence of the problem. Discussing the nature of value and utility, he stated, “The only goods we ‘economise’—the goods which alone are objects of economic attention—are the goods which are insufficient, or just sufficient, to meet our wants,”⁵⁹ clearly linking “economise” to the first, rather than the second, of Neville Keynes’s meanings, since here “economising” is linked to the idea of scarcity. Smart then elaborates Menger’s definitions of “economic” and “economise” in a footnote, citing *Grundsätze*, chapter 2, §3 (see especially pp. 52–53 and the footnote on p. 53, which runs to p. 55).

Zweckrational—This is rendered as “purposively rational” rather than “instrumentally rational,” since the latter translation misdirects our attention to means employed rather than the end (*Zweck*) governing the rationality of the choice of means. *Zweck* can mean variously “end,” “aim,” or “purpose,” as distinct from *Mittel*, more directly and unambiguously translated as “means.” The couple “means and ends” could therefore be more directly related to *Zweckrational* by using “end-rational,” but unfortunately the English “end” has a semantic range unrelated to that of *Zweck* and the use of “end-rational” would in some contexts introduce confusion and obscurity.

⁵⁹ William Smart, *An Introduction to the Theory of Value on the Lines of Menger, Wieser and Böhm-Bawerk*, new ed. (London: Macmillan, 1910), p. 17. The book was first published in 1891.

The Definitional Paragraphs of Chapter 1

§1. Sociology, in the meaning understood here of a word often used in quite different senses, shall mean: a science that in construing and understanding social action seeks causal explanation of the course and effects of such action. By “action” is meant human behaviour linked to a subjective **meaning** on the part of the actor or actors concerned; such action may be either overt, or occur inwardly—whether by positive action, or by refraining from action, or by tolerating a situation. Such behaviour is “social” action where the meaning intended by the actor or actors is related to the behaviour of **others**, and the action is so oriented.

§2. As with any form of action, social action can be determined by either (1) **purposive rationality**: through expectations of the behaviour of external objects and other people, and employing these expectations as a “condition” or “means” for one’s own rational **ends**, as sought after and considered objectives; or by (2) **value rationality**: through conscious belief in the unconditional and **intrinsic** value—whether this is understood as ethical, aesthetic, religious, or however construed—of a specific form of particular comportment purely for itself, unrelated to its outcome; or by (3) **affect**, especially **emotion**: through actual emotions and feelings; or by (4) **tradition**: through ingrained habituation.

§3. Social “relationship” shall refer to the meaningful content of the mutual **disposition** of several persons, and comportment arising from such an orientation. A social relationship therefore **consists** entirely and quite exclusively of the *Chance* that action will be social in a (meaningfully) manifest sense, leaving to one side for the moment the basis of this *Chance*.

§4. Actual regularities can be observed within social action, that is, regularities whose **intended meaning** is typically similar in action repeated by the same actor, in action replicated by many actors, or in both of these at the same time. Sociology is concerned with **typologies** of such modes of action, unlike history,

which concerns itself with causal imputation with respect to important, fateful, singular events.

An actually existing *Chance* of **regularity** in the orientation of social action will be called a **practice** if and to the extent that the *Chance* of its existing among a group of people depends **solely** on its actual performance. A practice that has become **familiar** through lengthy exercise shall be called a **custom**. A custom is regarded as having been “**determined by interests**” if and to the extent that the *Chance* of its empirical existence is determined **solely** by the purposively rational orientation of individual action to similar **expectations**.

§5. Action, especially social action, and even more specifically, a social relationship, can be oriented by an actor’s **conception** of the existence of a **legitimate order**. The *Chance* that this actually occurs will be called the “validity” of the relevant order.

§6. The legitimacy of an order can be **guaranteed**

I. purely inwardly, either

1. purely affectively: by instinctive dedication; or

2. value-rationally: by belief in its absolute validity as the embodiment of ultimate, obligatory values (ethical, aesthetic, or of whatever kind); or

3. through religion: by the belief that salvation depends on inner adherence to the order;

II. also (or only) by expectations linked to specific external consequences, hence given interests, but also by expectations of a quite particular **kind**.

An order will be called a

a) **convention**, where its validity is externally underwritten by the *Chance* that deviation from its observance will, in a given human group, result in relatively general, and in practice, tangible **disapproval**;

b) **Law**, where its validity is externally underwritten by the *Chance* that physical or mental coercion will be applied by a specialised **staff** of people whose task is to enforce conformity or punish contravention.

§7. Actors can ascribe **legitimate validity** to an order

a) by virtue of **tradition**: the validity of the ever-existing;

b) by affective, especially emotional, belief: the validity of the newly revealed, or the exemplary;

c) by virtue of **value-rational** belief: the validity of that which has been revealed to be absolutely certain;

d) by virtue of positive statute, whose **legality** is believed.

Legality with such a positive source can be treated as legitimate

α) by virtue of an agreement among interested parties;

β) by virtue of its imposition, on the basis of the legitimacy ascribed to the rule of man by man, and conformity.

§8. A social relation is **contested** (*Kampf*) where an actor is oriented to the imposition of their own will on an unwilling partner or partners. “Peaceful” means of conflict are those that do not actually involve physical force. “Peaceful” conflict will be called “competition” where there is a formally peaceful attempt to gain powers of disposition for oneself over *Chancen* that are also desired by others. “Regulated competition” is where the ends and means of competition are oriented to an order. “Selection” involves the latent contest for the *Chance* of existence, or of survival, among humans or types, although such contest is not a conscious intention: “social selection” refers to *Chancen* arising during the lifetime of an actor, and “biological selection” where it concerns the *Chance* for the survival of inherited characteristics.

§9. A social relationship will be called a “communalisation” (*Vergemeinschaftung*) if and to the extent that the disposition of social action rests—in the individual instance, or on average, or as a pure type—on a subjectively **felt** (affectual or traditional) **mutual sense of belonging** among those involved.

A social relation will, on the other hand, be called “sociation” (*Vergesellschaftung*) if and to the extent that the disposition of social action is directed to a **balance** of rationally motivated interests (whether value rational or purposively rational), or to the **connection** of interests motivated in the same way. *Vergesellschaftung* can typically be based on rational **agreement** arrived at through mutual consent, but not exclusively so. In such a case, sociated action is rationally oriented (a) by value, to a belief in one’s **own** obligations, or (b) purposively rationally, to the expectation of loyalty from one’s **partner**.

§10. A social relationship, whether communalisation or sociation, will be called **open** to outsiders to the degree that participation in the mutual social action oriented to the substantive meaning that constitutes such action is not proscribed by prevailing valid rules to anyone so inclined and able to participate. By contrast, a social relationship is **closed** to outsiders to the extent that its substantive meaning or its prevailing rules exclude such participation, or restrict or permit it only according to specific conditions. Openness and closedness can be defined traditionally or affectively, by value or by purposive rationality. **Rational** closure can in particular arise for the following reasons: admission to a social relationship lends participants the *Chance* that inward or external interests can be satisfied, whether this be on account of the purpose of the relationship itself or because of its successful prosecution, whether it arises from solidaristic action or from a balance of interests. If the participants anticipate

that wider dissemination of the relationship will improve the degree, nature, certainty, or value of their own *Chancen*, then they are interested in the openness of the relationship; if, on the other hand, they anticipate that their own *Chancen* are improved by monopolising it, then they will be interested in closure against **outsiders**.

A closed social relationship can secure its monopolised *Chancen* to participants in a number of ways. Such allocation might be (a) **freely** arrived at, (b) **regulated** or rationed by degree and form, or (c) **appropriated**¹ on a more or less permanent basis by specific individuals or groups. This represents **internal** closure. Appropriated *Chancen* can be called “rights.” According to the order concerned, such appropriation can be made (1) to those participating in particular communities and associations (e.g., communal households); or (2) to individuals, and here a distinction can be made between (a) purely personal appropriation, and (b) appropriation made in such a way that, in the event of the death of the person enjoying such *Chancen*, one or more persons linked to them by a social relation, by birth (kinship), or by designation succeeds to the appropriated *Chancen*. It can also be made by (3) the holder (a) transferring the *Chance* to a particular person, or finally, (b) transferring the *Chance* to any number of others in a more or less free manner through agreement (alienable appropriation). A party to a closed relationship will be called a **member** (*Genosse*), and where participation is regulated in such a way as to secure *Chancen* to that party, a **legal member** (*Rechtsgenosse*). *Chancen* that are appropriated to individuals through inheritance, or to heritable communities or associations, will be called **property** (of the relevant individuals, communities, or associations), and where appropriated as an alienable *Chance*, **free** property.

§11. A social relationship can, for those involved according to tradition or statute, have as a consequence

a) that particular kinds of action are **imputed** by **each** participant to **all** (in “solidarity”), or

b) the action of particular participants (“representatives”) can be **imputed** to the other members (“the represented”), such that they both enjoy the *Chancen* or bear the consequences.

Power of representation (authority) can be appropriated as prevailing rules dictate

1. completely, in all its forms and degrees (self-appointed authority), or

¹ See the discussion of Weber’s usage of *Appropriation* in the Translation Appendix.

2. in accordance with particular criteria, whether permanently or for a specified period, or

3. by specific acts on the part of members or third parties, temporarily or permanently (statutory authority).

Whether social relationships (communities or societies) are treated as solidaristic or as representative is determined by a number of factors, and it can be said quite generally that the degree to which action is directed towards (a) violent conflict or (b) peaceful exchange is decisive here, while recognising that only individual studies would identify the numerous special circumstances critical to this issue. Naturally, this tends to follow the least where purely **ideal** goods are pursued with peaceful means. The degree of outward closure is often, but not always, linked to the incidence of solidarity or power of representation.

§12. An **organisation** is an externally regulating limited or closed social relationship if the observance of its order is guaranteed by the behaviour of particular persons charged specifically with its implementation, such as a **director** (*Leiter*) and, quite possibly, of an **administrative staff** that normally also has powers of representation, where appropriate. Control of the managing instance, or participation in the activity of the administrative staff—the “**governing powers**”—can be permanently, or temporarily, or for particular cases, assigned (a) by appropriation, or (b) by prevailing organisational orders to particular persons, or to persons selected for particular characteristics, or to persons selected according to particular forms. “Organisational action” will mean (a) the legitimate action of the administrative staff itself in the realisation of the order by virtue of its governing powers or powers of representation; (b) action by organisational participants **directed** by ordinances of the organisation.

An organisation can be

- a) autonomous or heteronomous;
- b) autocephalous or heterocephalous.

“Autonomy” means that the order cannot (as in heteronomy) be subordinated to the statutes of outsiders, but only by members by virtue of being members (and regardless of how this is done). “Autocephaly” means that the executive and corporate staff act according to their own organisation’s directives and are not subject to directives (of whatever kind) from outsiders, as with heterocephaly.

§13. The statutory orders of a sociation may originate

- a) by voluntary agreement; or
- b) through imposition and compliance.

The governing power of an organisation may claim a legitimate power to impose new orders. The **constitution** of an organisation denotes the **actual**

Chance—varying in degree, form, and preconditions—of compliance with the power of **imposition** enjoyed by the existing governing bodies. Prevailing rules might specify that among these preconditions, particular groups or sections of the corporate membership be heard, or be called upon to express their agreement, in addition to which there are the most varied other possible preconditions.

An organisation's orders can be imposed on members and also, in particular **circumstances**, on nonmembers. Territorial circumstances are especially relevant here (presence, place of birth, performance of certain actions in the area). This is "territorial validity" (*Gebietsgeltung*). An organisation whose order is imposed primarily by virtue of territorial validity will be called a "territorial organisation," regardless of the extent to which the claim of validity over its own members **only** has a territorial basis (which is possible, and at least occasionally occurs).

§14. An order regulating an organisation's action will be called an "**administrative order**." An order that regulates other social action and **guarantees** to actors *Chancen* that such regulation creates will be called a **regulatory order**. Insofar as an organisation is oriented only to orders of the first kind, it will be called an "**administrative** organization"; insofar as an organisation is solely oriented to the second, it will be called a regulatory organisation.

§15. **Activity** (*Betrieb*) is continuous **purposive** action of a particular kind; an **enterprise** (*Betriebsverband*) is a sociation with a continuous and purposively acting administrative staff.

An **association** (*Verein*) is a voluntary organisation whose statutes are valid only for those who are members by virtue of joining on a personal basis.

An **institution** (*Anstalt*) is an organisation whose statutes can, within a given domain, be (relatively) successfully imposed on all whose action has specified particular characteristics.

§16. **Power** can be defined as every *Chance*, within a social relationship, of enforcing one's own will even against resistance, whatever the basis for this *Chance* might be.

Rulership is the *Chance* that a command of a particular kind will be obeyed by given persons. **Discipline** is the *Chance* that, because of a practised disposition, a command will find prompt, automatic, and schematic obedience among a definite number of persons.

The fact of rulership turns only on the presence **of one** person successfully issuing commands to **others**, independently of the existence of an administrative staff or of an organisation, although in all normal cases **one** of these is true. An organisation will be called a **ruling organisation** (*Herrschaftsverband*) insofar

as its members are subordinated, by virtue of a valid order, to relationships of rule (*Herrschaftsbeziehungen*).

§17. A **political** organisation will be called a “ruling organization” to the extent that its existence and the validity of its orders can be continually guaranteed within a given geographical **area** by the application and threat of **physical** coercion by an administrative staff. An **institutionally organised political enterprise** (*Anstaltsbetrieb*) will be called a **state** if, and to the extent that, its administrative staff can lay claim to a **monopoly of legitimate** physical force in the execution of its orders. Social action is “politically oriented,” especially also organisational action, when it is directed to influence a political organisation’s leadership, in particular, the appropriation, expropriation, redistribution, or allocation of governmental powers.

A ruling organisation will be called **hierocratic** where it guarantees its order through the employment of psychic coercion through the distribution or denial of religious benefits (hierocratic coercion). A **church** is a hierocratic **institutional enterprise** where its administrative staff lays claim to the **monopoly of legitimate hierocratic coercion**.

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¹ "Prussian Agriculture—German Politics: Max Weber 1892–7," *Economy and Society* 12 (1983): pp. 181–226.

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