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**DOMENICO CORTESE**

University of Dundee, Italy

## **THE DOMINION OF MEANS OVER ENDS. MODERN BANK CREDIT AND MAX WEBER'S IRRATIONAL RATIONALIZATION**

### **Abstract:**

The major institutions which grant credit today in the Western world can be considered a symptom of what Max Weber describes as the typical rationalization of modern age. Such a rationalization would bring a lack of reflection on the existential significance of certain technical means, which are confused with a source of progress per se and with the value-in-itself of a social context. A "rational" consciousness must realize a rigorous analysis of what original meaning and ultimate scope certain instruments have for the necessities expressed by human will. The instrument of credit seems to be justified by the fact that within a market economy not everybody immediately possesses the adequate means to set up a new activity or to improve an enterprise to respond to the contingent variation of demand. The function of credit is that of a temporal coordination between the "bargaining wills" of different individuals of a society who aim at obtaining the highest benefit by means of the utility of their products and of the products of their peers. But we can notice that our epoch has favored the elevation of historically determined characters of credit issuing to ultimate ends and values. The consequence of the private structure of credit issuing is that ultimate scopes of the concept of credit do not coincide with the maximization and economic reciprocity but with the assessment of a risk which is distinctly private. This represents a scenario which is different from an assessment of risks and benefits considered in a collective sense, which would be consistent with the function of credit as a social investment. Also, since in this structure Central Bank acts as the bank of commercial banks, credit granting can be read as dependent on the availability - within a circumscribed economic web - of a specific credit "raw material" which has a cost: central bank's liquidity. Liquidity availability is mostly in function of the availability of liquidity of depositors, financial investors of a determined commercial bank, as well as being in function of its debtors' capacity to pay back. Therefore, a credit institution and its capacity to grant loans cannot be considered in function of the creation of reciprocal economic benefit among individuals but of momentary expectations about the current level of reciprocity and expected reciprocal enrichment of a determined economic web, which is what is reflected by the quantity of central bank's money in circulation.

### **Keywords:**

Weber; bureaucratization; financial system; credit; ethics of economics

**JEL Classification:** A13, A12, F65