

# Encyclopedia of Governance

## Rationalization

Contributors: Jeremy Darrington  
Editors: Mark Bevir  
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Rationalization denotes the shift from traditional, habitual, and particularistic methods of economic, social, and political organization and administration to methods that are instead calculative, systematic, and universalistic. In contemporary governance, rationalization is often shorthand for streamlining government for the purpose of maximizing the efficient provision of public goods and services. This is accomplished, for example, by introducing uniform standards, applying universal and impersonal rules, enhancing transparency and accountability, eliminating redundant staff and overlapping agencies, and promoting the functional specialization of services.

As theorized by Max Weber, rationalization referred to a process by which rational methods—for example, the calculation of cost and benefit—lead to a devaluation of traditionalism. The sacred and transcendental are replaced by the secular and utilitarian; the particularism of kinship ties is replaced by the impersonal universalism of the market and bureaucracy. By extension, contemporary usage focuses on the application of market rationality to government. This idea is clearly reflected in the “good governance” movement associated with the World Bank, which emphasizes fiscal responsibility, efficiency, transparency, and accountability as keys to good governance.

In the developed world, fiscal challenges emerging from a number of sources over the last thirty years have increased pressure on states to reduce spending. In this context, rationalization is an attempt to reduce spending without abandoning established goals. Efforts to rationalize states and produce more efficient governance may result in governments shifting responsibilities to functionally specialized organizations, such as semiautonomous public agencies (like central banks) or firms and civil society organizations in the private sector. If it does, then rationalization implies a loss of autonomy for states as they are increasingly drawn into wider networks to create and implement policies and achieve their goals.

In the developing world, rationalization implies conflicting trends for states. On the one hand, rationalization implies a trend toward state building and increased state capacity through the creation of bureaucracies and state administrations that displace inefficient and particularistic forms of economic and political organization. On the other hand, rationalization may mean a diminution of state autonomy, if fiscal or other concerns

push governments to turn to private firms, nongovernmental organizations (NGOs), and international organizations in order to more efficiently create and implement policies.

Rationalization raises an interesting paradox about the nature of contemporary governance. While efforts to rationalize governments appear to be leading to new forms of network governance, this new governance may itself be irrational. As in the European Union, governing through formal networks can be cumbersome and inefficient. Consequently, the locus [p. 796 ↓ ] of governance may shift to informal networks. While informal networks may facilitate more efficient governance in some ways, they may also be based on particularistic ties, like ethnicity or kinship, with significant potential for corruption and other kinds of inefficiency. What shape will attempts to rationalize these new forms of governance take?

JeremyDarrington

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See also

- [Efficiency](#)
- [Groupthink](#)
- [Organizational Structure](#)
- [Rationality](#)

#### Further Readings and References

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