In praise of possibility

For the political economist Albert O Hirschman, democracy thrives not on strong opinions but on doubt and flexibility

West German school children pause to talk with two East German border guards beside an opening in the Berlin Wall during the collapse of communism in East Germany in November 1989. *Photo by Stephen Jaffe/Getty*

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Like most disciplines, the field of development economics came into being not because of disinterested intellectual curiosity but rather due to pressing contemporary events. In the late 1960s, one prominent international civil servant and development economist reflected that:

> the cue to the continual reorientation of our work has normally come from the sphere of politics; responding to that cue, students turn to research on issues that have attained political importance. Theories are launched, data collected, and the literature on the 'new' problems expand.

In the case of development, the cue was the new postwar international order characterised by the demise of empires, the onset of the Cold War, and the birth of several new independent states, the so-called Third World. While the new discipline had a good dose of Cold War hawks, it also attracted many talented economists enticed by the prospect of contributing to the advancement of less developed

countries, and to a more balanced and peaceful international outlook.

'Hidden rationalities'. Bogota, Colombia *c*1954. *Photo by Three Lions/Getty*

One such figure was Albert O Hirschman, a German-born émigré to the United States who from 1946 had worked as an economist with the Federal Reserve Board on problems of economic reconstruction and cooperation in western Europe. In 1952, Hirschman moved to Colombia on a World Bank assignment to assist the country's National Planning Council to implement development policies. The book that distilled that experience, *The Strategy of Economic Development* (1958), was immediately recognised as one of the most important contributions to development economics, and it made Hirschman famous as a pioneer of the discipline (as well as earning him tenure at Columbia University).

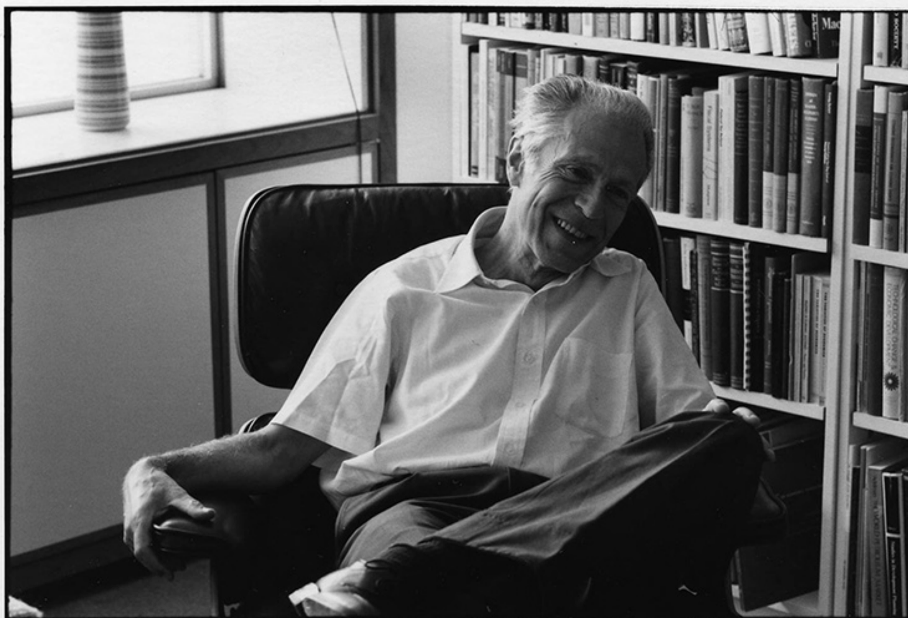
The book's success rested on its original and stimulating analyses, as well as on Hirschman's rhetorical strategy of presenting them as a completely novel and dissenting view on development, entirely different from the fashionable orthodoxy of grandiose but unrealistic development plans. Hirschman wrote:

> How many a Western traveller to an underdeveloped country has been bewildered and dismayed by the ubiquitous poverty and inefficiency, by the immensity of the task, and by the interlocking vicious circles! The temptation is strong then to leave all this backwardness alone and to dream of an entirely new type of economy where, in the words of the poet [Charles

> Baudelaire in *Les Fleurs du mal* (1857)], *tout est ordre et beauté* [there all is order and beauty].

Instead of focusing on comprehensive plans 'compiled on the basis of "heroic" estimates', Hirschman posited, less developed countries should focus on the hidden mechanisms – 'hidden rationalities' in his parlance – that were already at work, even though perhaps in 'roundabout and unappreciated fashion'. Development depended not so much on discovering the optimal combinations of given resources and their correct use as on understanding the sequences, pressure mechanisms, and technological and investment linkages that activated processes of change. Crucial for Hirschman was understanding 'how progress can at times meander strangely through many peripheral areas before it is able to dislodge backwardness from the central positions where it may be strongly entrenched'. *The Strategy of Economic Development* was devoted to the study of these economic mechanisms, with sophisticated discussions of investment sequences and complementarities, the pros and cons of prioritising social overhead capital or directly productive activities, the role of imports, and that of capital-intensive technology.

But underlying the entire discussion was a non-economic motif: development's role in the safeguarding of democracy. Hirschman was deeply alive to the 'grand tension' that characterises societies undergoing processes of transformation and modernisation, and feared the consequences that frustrated hopes for development might trigger in the event that overly ambitious plans should ultimately fail. Indeed, failure might have worse consequences than ineffectiveness – it might produce violence and destruction. 'Futility,' he wrote, 'can be abruptly replaced by brutality, by utter disregard for human suffering, for acquired rights, for lawful procedures, for traditional values, in short, for [what John Maynard Keynes in 1938 called] the "thin and precarious crust of civilisation".'



Albert O Hirschman photographed in his office at the Institute for Advanced Study at Princeton in 1981. *Herman Landshoff photographer. From the Shelby White and Leon Levy Archives Center, Institute for Advanced Study, Princeton, NJ, USA*

It was this preoccupation that made Hirschman focus on the *process* of economic development instead of on specific resources, and on how this process can advance despite allegedly insurmountable obstacles and in the absence of apparently indispensable prerequisites. His major concern was to keep the mirage of development from suddenly turning into a nightmare.

In his youth, Hirschman had been a first-hand witness of how hopes of economic recovery could abruptly turn into the collapse of democratic polities. Born Otto Albert Hirschmann in 1915 in Berlin, the second of three children and the only son in an upper-middle-class family of assimilated Jews, he came of age through the crisis and turmoil of the Weimar Republic. When Hitler became chancellor at the end of January 1933, young Otto Albert's world fell apart. In April 1932, he was a high-school student at the rigorous, high-bourgeois Französisches Gymnasium. One year later, on 2 April 1933, not yet 18 years old, he was on a train leaving Berlin with the first wave of German exiles fleeing Nazi repression.

Life in exile meant precocious independence, as well as discontinuous studies of uneven quality, first in Paris, then in London and finally in Trieste, where he defended his thesis in 1938. In addition, Hirschmann constantly engaged in antifascist activities. A report of the Italian Ministry of Interior described 'the German Jew Hirschmann Otto' as an 'extremely dangerous element' because of his 'conspiratorial activities'. He used to smuggle documents for the antifascist underground between Italy and France, and in 1936 was in Spain as a volunteer in the international brigades fighting for the Republic. He wanted to be a scholar, but he also felt that he 'could not just sit and look on without doing anything'. For him there was no discontinuity between armed resistance and scholarly research. As he wrote after having volunteered in the French army at the outbreak of the Second World War: 'I feel intensely that our present "métier" is absolutely necessary for our future work'.

> If Marxism was a huge intellectual edifice, Hirschman developed instead a predilection for *petites idées*

In the second half of 1940, based in Marseille and using the pseudonym Albert Hermant, Otto Albert joined the US journalist Varian Fry in the organisation of an illegal operation to help Jewish and Leftist refugees flee fascist Europe. Fry was the public face while Hirschmann ran the covert operation, screening the refugees, looking for routes across the French-Spanish border, creating new identities for those on the run, corrupting consulate officers, buying passports on the black market, hiring forgers for false documents, and maintaining contacts with smugglers, informants, the occasional agent provocateur and Corsican gangsters – in sum, the typical demimonde of a large Mediterranean port city.

Thanks to the work of Fry, Hirschmann and their group, more than 4,000 people received help. Walter Benjamin was their most spectacular failure (he committed suicide in September 1940, after being denied entry into Spain), but many others succeeded. Among them, Marc Chagall, Arthur Koestler, Marcel Duchamp, Max Ernst, Wanda Landowska, Hannah Arendt, Heinrich Mann and his nephew Golo Mann. In December 1940, Hirschmann crossed the Pyrenees on foot and, via Barcelona and Madrid, reached Lisbon. From there, with a Lithuanian passport and an entry visa to the US, he embarked to New York. At the immigration desk, Otto

Albert Hirschmann became Albert O Hirschman.

After this experience, Hirschman became fond of the French word *débrouillard*, a term describing a resourceful and independent person, able to cope with difficult situations. The intellectual counterpart of this aptitude was Hirschman's appreciation of doubt and eclecticism, and impatience with ideological rigidities. If Marxism was a huge, solid and imposing intellectual edifice, Hirschman developed instead a predilection for *petites idées*, little ideas, or what his brother-in-law and mentor, the Italian philosopher Eugenio Colorni, would call *castelluzzi* – little castles, with a hint of ironic self-doubt about their stability.

In his long career, Hirschman contributed to many different fields, often blurring their borders along the way. From development economics to monetary policies; from the history of ideas to the analysis of social movements and political participation, his ability to 'trespass' disciplinary boundaries, as he put it, was so ingrained that it is difficult to classify his work (he himself acknowledged the problem by speaking not of social sciences in the plural, but of *one* interpretive social science). Because of the richness of his *œuvre*, the diversity of his interests, and the vastness of his insights, summarising Hirschman's work in a few concepts is a daunting task, but there are two unifying traits, mutually intertwined, that exist throughout Hirschman's intellectual trajectory.

The first is what Hirschman called 'possibilism'. More a personal propensity than a clearly definable methodology, his possibilism was predicated on the conviction that social change is inherently an open-ended process, and that the role of the social scientist is not only to observe what one might call the structural dynamics of social change, but also to imagine unexpected and surprising developments.

Hirschman considered historical analysis a fundamental exercise for the social science he had in mind. But his emphasis on what he called the 'might-have-beens' of history did not find its synthesis in a generic acceptance of fate and uncertainty. In the open-endedness of historical trajectories, in the fine features of historical events, Hirschman saw not only a way out of the straitjacket of determinism, but also, and more importantly, the bases of a commitment to political reformism. He would emphasise notions such as blessings in disguise and the unintended consequences of human action. Likewise, he tended to focus on the unique and the unexpected, in order to highlight courses of social change that, though perhaps improbable, were nonetheless plausible. As he put it in a particularly explicit discussion of his own work: 'the fundamental bent of my writings has been to widen the limits of what is or is perceived to be possible, be it at the cost of lowering our ability, real or imaginary, to discern the probable'.

The second unifying trait in Hirschman's work is his constant preoccupation with ways to reinforce democracy. As an adolescent, Hirschman witnessed the collapse of European democracies. In 1989, he saw democracy coming back to life following the disintegration of the Soviet empire. In between, he constantly investigated ways to broaden and reinforce democratic processes, in particular as they relate to economic development. In some cases, he did this directly, such as in his studies of policymaking in Latin America, as in *Journeys Toward Progress* (1963), or in the analysis of cycles of collective activism and retreat into the private dimension, as in *Shifting Involvements* (1982). In other cases, he addressed the question indirectly, for example when studying the behaviour of development projects in less developed countries, as in his classic *The Strategy of Economic Development* and also in

Development Projects Observed (1967), or how justification for commerce took shape in modern Europe between the 16th and the 18th centuries in *The Passions and the Interests* (1977). At times, Hirschman reflected on this point in very general terms, as in his stylised analysis of the use of vocal protest by members of a polity in *Exit, Voice, and Loyalty* (1970), while at other times his perspective would be from the bottom up, as in his study of grassroots cooperatives in Latin America, *Getting Ahead Collectively* (1984). In any case, the underlying question was always how economic development could be conjoined to democratic political participation and preserved from the risks of authoritarianism.

No wonder he found revolutionary stances not simply antidemocratic but also simplistic and ineffective

Hirschman was aware that economic progress has deeply ambivalent effects on the political sphere. In his interwar studies and in his first book, *National Power and the Structure of Foreign Trade* (1945), written during the Second World War, he examined how authoritarian states can use foreign trade not as a means to secure international peace – his beloved Montesquieu wrote in 1748: 'Peace is the natural effect of trade' – but in the service of an aggressive politics of power. In his first postwar job as an economist at the Federal Reserve, Hirschman cautioned against economic progress if it meant paying 'the exorbitant political and human cost which has been paid by the Russian people', but also, as a pioneer of development economics, he shared in the conviction that economic development could proceed in tandem with the strengthening of democratic values. And yet, the authoritarian turn of several Latin American countries in the 1960s and '70s made him ponder how it happened that 'economic development has an obvious correlation with the development of torture'.

One of the most promising lines of enquiry in the vast territory over which Hirschman ranged was the analysis of processes of decision-making, and of how the social resources that fuel these processes can be revealed and activated. How does change occur? That was the question he set out to explore. Hirschman thus focused on studying the pressure mechanisms, sequences and policymaking processes that, no matter how disorderly, help to explain how one thing leads to the other. No wonder he found revolutionary stances not simply antidemocratic but also simplistic and ineffective: they were utterly inadequate for understanding and directing processes of social change, offering only brief periods of frantic upheaval between otherwise static situations. Revolution promised to wipe out the wrong socioeconomic structure and substitute it with the right one, but it had remarkably little to say about the way in which change would take place. This was a fundamental question for Hirschman, and on it his staunch reformism rested.

Against comprehensive or revolutionary plans, Hirschman emphasised the context-specificity of policymaking, as well as the fact that successful 'reformmongering' (as he called the ability to advance a reformist policy agenda) often hinges on intangible and unquantifiable qualities. In a widely quoted article co-authored in 1962 with the political scientist Charles Lindblom, Hirschman wrote:

> it is clearly impossible to specify in advance the optimal doses of … various policies under different circumstances. The art of promoting economic development … consists, then, in acquiring a feeling for these doses …

Acquiring a feeling for the potential results of policy decisions, as opposed to relying on standard recipes, implied valuing complexity over simplicity and uncertainty over predictability. For Hirschman, this would mean an increasingly solitary trajectory within the economics profession. Just before the rational expectations revolution took off in the early 1970s Hirschman wrote a book on how firms, organisations and states respond to dysfunctionalities and decline, and how mechanisms of economic and political recuperation interact. His book *Exit, Voice, and Loyalty* was an instant success, but while it established Hirschman's position within the rarefied circle of innovative social scientists unconstrained by disciplinary boundaries, it also underscored his marginalised position in the economics discipline.

As mentioned, attention to detailed analyses of how change occurs made Hirschman particularly sensitive to the historical dimension of political and social processes. Tending to actual historical processes had, in Hirschman's perspective, at least three positive sides. First, it was instrumental to building models that can explain economic, political and social transformations. Hirschman's models are not meant to be general 'laws' of social change. They describe certain dynamics, but their validity is subject to specific conditions, and they must be used in conjunction with historical analysis to acquire meaning. Using the terminology of Raymond Boudon in *La place du désordre* (1984), Hirschman's models are not 'realistic', that is: it is impossible to deduct from them any statement empirically valid on an immediate basis. In this sense, they are 'formal' models and thus substantively empty. But these conceptual frameworks can then be filled with specific information, at which point they acquire their interpretative power.

Second, and strictly related to the first point, not only does historical analysis provide models of social change with necessary information, but it is the sounding board against which they can be improved and transformed. An excellent instance is how Hirschman revisited his *exit* and *voice* dichotomy in 1989 – 20 years after having first proposed it – in the light of new historical events. In the original discussion, *exit* describes the ideal-typical market behaviour of the consumer, whereas *voice* 'is political action par excellence'. As Hirschman saw them in 1970, *exit* and *voice* are mainly alternative forces working at cross-purposes. Consumers or citizens either *voice* their disappointment with a deteriorating product or a deteriorating situation, or go elsewhere – *exit* – by purchasing a competing product, voting for another political party, or moving to a new place.

But the fall of the Berlin Wall in 1989 offered Hirschman an extraordinary opportunity to recast his model, when a purely private act such as exit was unexpectedly transformed into a movement of public protest. Despite the fact that those who intended to flee conceived of that action as a totally private affair, many people were taking the same decision at the same time, quickly creating a mass exodus at railway stations, embassies and across borders. Private exit turned into the new phenomenon of public exit, and this in turn gave new vigour to public protest – that is, voice. As Hirschman concluded in 1993, 'in some momentous constellations, so we have learned, exit can cooperate with voice, voice can emerge from exit, and exit can reinforce voice'. The two concepts, originally presented as alternative and working at cross-purposes, showed themselves to be much more nuanced and surprising: they emerged one from the other, revealing strong complementarities.

> 'Doubt could *motivate* action instead of undermining and enervating it'

The third reason to attend to change is that historical analysis and attention to the uniqueness of events nurtured Hirschman's possibilist attitude. Though he considered them the wrong answer to political problems, revolutions became useful in Hirschman's eyes as an apt example of the 'inventiveness' of history. As he wrote to the Israeli sociologist Shmuel Eisenstadt in 1980:

> Following in detail the process of a revolution gives us a strong feeling, as the structuralist approach does not, for the many might-have-beens of history … As a result, the event-minded historian is less likely than the sociologist to declare that, given such and such a structural condition, the outcome was preordained. [This] emphasis on the revolutionary process … in effect promises to restore a few degrees of freedom we were in danger of losing to the structuralists.

Indeed, one of the fundamental purposes of Hirschman's work was that of widening the territory of what is considered possible in social and political dynamics. For Hirschman, a passionate social democrat and reformist, this purpose had direct political implications, for widening the spectrum of possibilities implied augmenting and reinforcing the tools at disposal of the policymaker.

Hirschman never forgot that Colorni, his brother-in-law and dear friend, found doubt to be enormously prolific as a generator of new ideas. Doubt should not be seen as a paralysing force. Colorni was a committed antifascist and participated in underground activities. As Hirschman wrote in 1987, it looked like Colorni and his friends had set out to 'prove Hamlet wrong: they were intent on showing that doubt could *motivate* action instead of undermining and enervating it'.

Proving Hamlet wrong was for Hirschman the foundation of his deeply reformist convictions. As he put it, 'this sort of combination of participation in public affairs with intellectual openness seems to me the ideal micro-foundation of a democratic politics'. Strong and well-shaped opinions, he noticed, are paradoxically unhelpful to democratic policymaking. How is it possible to change ideas in the light of new information, or as a consequence of the deliberative process, if one approaches the conversation with intransigent certainties? It is openness to doubt, flexibility and a readiness to appreciate different perspectives, Hirschman maintained, that make democracy function properly.

Hirschman's focus on processes of policymaking, despite the diverse arguments and the different methodological approaches of his various books, rests on his vision of wide participation and intellectual openness. He summarised this combination of doubt, intellectual openness, moral values and pragmatism in the concept of possibilism. Trying to explain the regularities of social dynamics is obviously an important task. Yet he cherished the opposite, more uncertain and unpredictable type of endeavour: 'to underline the multiplicity and creative disorder of the human adventure, to bring out the uniqueness of a certain occurrence, and to perceive an entirely new way of turning a historical corner'. This possibilism is perhaps the most eloquent explanation of why Hirschman is an inexhaustible resource for those who are interested in understanding how our democracies can survive and thrive, or at least muddle through.

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