

FOR A BETTER WORLD

FIRST CONFERENCE ON ALBERT HIRSCHMAN'S LEGACY: THEORY & PRACTICE

OCTOBER 6-7, 2017



FRIDAY, OCTOBER 6 | 10 AM – 7 PM

I. MORALITY & THE SOCIAL SCIENCES

II. DEVELOPMENT

III. TEACHING & INFLUENCE

IV. REVISITING TEXTS

RECEPTION (HOSTED BY THE CONSULATE OF ITALY)

SATURDAY, OCTOBER 7 | 10 AM – 6:30 PM

I. EXIT, VOICE, & LOYALTY

II. ENTREPRENEURIAL ACTIVITIES

III. FIELD RESEARCH & LOCAL DEVELOPMENT

IV. NATIONAL POWER, PASSIONS AND INTERESTS, & THE WORLD TODAY

CONCLUDING ROUNDTABLE

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For a Better World

Excerpts from the First Conference
on Albert Hirschman's Legacy: Theory and
Practice

Luca Meldolesi and Nicoletta Stame, eds.

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Preface

Even for us, who followed the gradual day-to-day assembling of its sessions and participants, the unfolding of the “First Conference on Albert Hirschman’s Legacy” has been a pleasant surprise. Retrospectively, we recognize that (yes!) the final surge of papers and participants (nearly double vis-à-vis a normal conference) was indeed going to lead to a significant result. But the difficulties and skepticism that accompanied us in this adventure suggested that we ought not to emphasize that positive process: perhaps “scaramantically” (in quest of luck). Hence the vitality and passion for understanding and for changing for the better rapidly conquered our Conference. It gave the participants the flavor of a rare experience. Eventually, if you obtain an ex-ante improbable result, people feel something they could not have dared to hope for, and get enthusiastic – it is, somehow, an odd sort of “possibilism”. The very numerous, post-factum e-mails we received bear that out.

What happened then on October 6th-7th at the Pardee Center of Boston University? Participants, most of whom we did not know in advance, from all over the world embodied great differences in age, experience, and past connection with Albert Hirschman. But, once at work in their respective sessions, they immediately and unexpectedly unleashed abilities and resources previously dormant. It was an exercise in intellectual and practical “cross-contamina-

tion”, a torrent of arguments, questions and tentative answers. It was a first test of what Albert’s legacy may really look like: for territorial references, professions and disciplines (political science and history first). With an emphasis on putting into practice what we have learned from Hirschman and his friends: in researching, teaching, directing, managing, enterprising etc.

Some of the participants declared that they were Hirschmanian without knowing it. Some had personal recollections to draw from. Most of them referred to the title of this e-book (together with what Albert used to call “a passion for change”) and asked for continuity. The need to keep in touch, post factum, with the fleeting moments they brought into being (and, of course, with the important perspective that that entails) pushed us toward what follows. Beyond a simple documentation (such as authorized publication of the papers on our web-site) and a short report, we took the tiring and risky road of choosing ourselves what, of the available materials (understandably recorded, written, or rewritten), looked most telling. And also most readable: to evoke and represent in part what effectively happened at the “First Conference on Albert Hirschman’s Legacy”. We hope that our effort has been worthwhile.

Therefore the content of the e-book follows the sequence of the eight sessions at the Conference. These sessions were organized around two main topics: works by Albert Hirschman (most of his main books, and even some articles) and activities where his ideas have had a strong influence (teaching, enterprising, field research). Helped by a group of distinguished discussants (Jencks, Murphy, Lindholm, Greenfeld, Gourevitch), the intention was that of showing what is vital in his intellectual production, and how people have

used it in practical activities. Three trends, intermingled in all sections, can be detected.

First. There are Hirschman's texts that show their ever-green vitality. They are revisited, they are put in their historical context, their message is distilled. This is the case of Alacevich and Balducci on Development Projects Observed, Swanson on The Passions and the Interests, Jelin on Getting Ahead Collectively, Meldolesi on National Power and the Structure of Foreign Trade, Stame on "Morality and social sciences". In some cases, Hirschman's texts are discussed with a view to see how they can orient future research, as with Adelstein on Exit, Voice and Loyalty, Maier on Shifting Involvements, Knei-Paz on The Passions and the Interests, Lazonick on "Rival Views of market Society".

Second. There are texts that help our understanding of current problems, and can be used in making sense of day-to-day struggles. Exit, Voice and Loyalty has offered the framework with which Rao has analyzed grass root democracy in India, Obiora has reflected on her contested participation in a government position in Nigeria, Son and Sethi have commented current reactions to voice suppression, Darnton has reflected on a decision-making process about Harvard Libraries digitalization in which he was involved. Rhetoric of Reactions helped interpret current debates about legalizing migrant labor employed in personal care (Egger de Campo). The Passions and the Interests has offered Forman a clue for criticizing the misuse of Adam Smith by market worshippers neo-liberal economists and their disastrous deeds in Latin America.

Third. There are ideas that run through Hirschman's production and that have been utilized by practitioners in their own activity. "Preaching and proving" ("Morality and social sciences") helps Sikkink debate with negative approaches to human rights. Possibilism is the thread linking the many activities of entrepreneurs (Bruno, Cicione, Marino, Magistro), development agents (Ariano), public managers (Di Nola, Zilberstein). The idea of development as mobilizing resources that are hidden, dispersed and underutilized is still inspiring development practitioners (Kenyon and Criscuolo, Saraceno). Hirschman's research method, that was labeled "observation-based", is a strong tool in the hands of evaluation research and practice (Feinstein, Gallagher, Romis, Coslovsky, Tagle), as was also shown by the extraordinary partnership between Hirschman and Judith Tandler (Bianchi).

In the end, moving along these various sources of inspiration, this e-book shows a lively link between academic and professional work. We think that the excerpts chosen, non-homogeneous and surprising as they are, nevertheless compose an amusing book-form text. And that the reader (participant or not) will excuse the inevitable shortcomings of this material.

Adela Pineda

Welcome address

My name is Adela Pineda. I am the Director of the Center for Latin American Studies and the Chair of the Council of Directors of the Regional and Area Studies here at the Pardee School of Global Studies of Boston University. On behalf of the organizers of this Conference – A Colorni-Hirschman International Institute, the Center for the Study of Europe and the Center for Latin American Studies at the Pardee School – I would like to warmly welcome you to the “First Albert Hirschman’s Legacy Conference”.

I was reading that A Colorni-Hirschman International Institute defines itself as a tool for improvement and, under this name, suggests that other people around the world may create their own Colorni-Hirschman Institute. Here at the Pardee School of Global Studies we share this commitment, we have that goal in mind. We would like to think to those grass-roots protagonists that really engaged in critical thinking on behalf of the improvement of the world, in many ways.

I think also that the name of this description, in my opinion, comes because of the inspiration of 1933 - when Albert and Ursula Hirschmann left Germany for Paris and started a long studying relationship with Eugenio Colorni. According to Hirschman himself, Colorni offered him the seeds of what was going to be defined his most cherished state of mind, which was the self-subversion of the self.

Albert Hirschman wrote many books. He is particularly known, as you know, for very specific ones: *Exit, Voice, and Loyalty*, *The Passions and the Interests*, *Shifting Involvements*, *The Rhetoric of Reaction* – all written between 1970 and 1991. He is considered a scholar of social and economic sciences. But his mostly high feature is that he rejected deterministic approaches. And he said that his only rigid cause was that of anti-fascism – which I think is very important in our days.

Exit, Voice, and Loyalty for some like me, who comes from Latin American studies, is a very important book. Many other works of Hirschman transcend disciplinary boundaries and also regions. Latin America was central in his thinking. Why? Because – he said – of its interrogating tendencies. Hirschman's work draws from various disciplines, including philosophy, psychology, politics, economics. And the reason was not to be fancy, but to challenge the limits of what we call economic development.

I think it is very important to cherish Hirschman's legacy. This Conference will be also relevant for the contemporary world. Today A Colorni-Hirschman Institute and Boston University are bringing together prominent scholars and operatives from various fields and walks of life. We are very impressed by the program and willing to hear all the views. Thank you very much for making this event possible.

Luca Meldolesi

Some introductory notes

I have the honor of opening up the “First Conference on Albert Hirschman’s Legacy”.

Albert has been so influential all over the world¹, and had so many friends who should have been here with us that inevitably we cannot claim by any means to be representative of the intellectual and practical movement he created. This is only a first conference; others, we hope, will follow. But anyway someone had to make a start in spite of the many difficulties. For example: by now English is used everywhere. There is Australian English and Indian English: in the future we might even have Italian English. That is to say: please, accept my broken English. Second: to have an idea may be easy, but to put it into practice is often much less so. This Conference would have been impossible without the help of Prof. Liah Greenfield and our other friends of the Pardee Center at Boston University. We all thank them very much.

¹ *Tre Continenti* (Einaudi), is the title of a book by Hirschman that I edited in 1990. Albert spoke fluently and wrote in 5 languages. He received 18 Honorary Degrees. His books were translated everywhere, even into Japanese, Chinese etc. When Nicoletta and I had the opportunity of examining the 81 boxes of Hirschman’s papers collected at the Mudd Library in Princeton, we finally realized the extraordinary extent of Albert’s intellectual interests and his worldwide connections. From this breadth, of course, comes the miracle of our Conference: the many good papers, the many people who came (at their own expense), the many disciplines and professions represented, and, among all these useful differences and articulations, the connected point of view that we have been searching for, and a common language – the one that Albert taught us.

Nicoletta Stame and I have been around Boston for a long time, because Albert suggested we should have a pied-à-terre here. Sometimes he was explicit. He said: “Cambridge”. The same thing occurred after the fall of the Berlin wall. He said: “how can you be a European without being present in Berlin?”. It was through these peripatetic stories of ours that we slowly understood his intentions and the intellectual process he was following. Albert was a man of few words, working basically by himself. He was in touch with many scholars, but individually. He did not have any organization per se, and generally did not favor horizontal relationships. Hence, at a certain point,... we found ourselves alone.

And we realized that in the US there is an important cultural difference vis-à-vis Europe, Latin America and, I am sure, other parts of the world. This country is basically optimistic, believing that good things will come, and looks ahead in such a way that it tends immediately to forget its recent past. So it was that after the *Hirschman Memorial...* nothing happened. Approaching Albert’s Centennial (April 2015), I phoned a friend at the Institute for Advanced Study in Princeton and asked what was going to happen. The answer was: “It is a private event”. Private event? I was shocked. Because for as extraordinary a figure as Albert was, the Centennial, in our culture, is normally a great public event.

Therefore, at a certain point, a group of Albert’s Italian friends reached the conclusion that it should take the responsibility for starting something on its own initiative. Nicoletta and I had collaborated with Albert since 1983 and have written many books (on him, around him, connected

to him). Moreover, in the Naples area, and then in the Italian South as a whole, we have experimented in practice with many of Albert's propositions. Hence, for us the idea that all these activities would just be dismantled just because there was no longer anyone at the Institute for Advanced Study, with all due respect, interested in carrying out this kind of work was (and is) simply unthinkable.

So we took the initiative. We collected the e-mails of Albert Hirschman's friends from all over the world, beginning with the scholars that passed through the School of Social Studies at the Institute for Advanced Study when Albert was there. We wrote to them about the newly formed "A Colorni-Hirschman International Institute". We started our website, www.colornihirschman.org, our online review "Long is the Journey...", and a collection of books at Rubbettino Publishing House, (Soveria Mannelli, Calabria). We have three books out already. The fourth, by Eugenio Colorni, just published in English, is in your hands.

We all know that Colorni's theory and practice lay behind Albert's thinking, because Hirschman often said so himself. Indeed, Albert's links with Eugenio were surprising². He came back to Colorni's work again and again throughout his life. He even used to talk about him in the present tense, as if he were alive and sitting nearby. But until now Eugenio's work had not appeared in English. Therefore, Albert's repeated recognition of his intellectual debt could not have meant very much to you. This is why we wanted

² For example: in June 1944 Albert, at the time in the US army, came across the news of Eugenio's death and wrote two heart-breaking letters to Sarah. "It is pointless to describe you – he wrote in the first – what I feel – it is a great pain and a great loss". And a few days later added: "I can think of nothing else. I have the feeling that the wound that has caused me will only grow. It is only now that I realize what a fount of hope Eugenio still represented for me – what an example, what an idol I had". (Adelman 2013, p. 231).

Critical Thinking in Action by Colorni for this Conference. Because the excerpts that it contains represent, in a sense, our way of saying: listen, pay attention, there is something very important here...

I have edited four books of Albert's in Italy. One of them, *Come complicare l'economia*³ (1988), is particularly important. Of course, it should be in English. Moreover, Albert gave me many unpublished papers (around thirty, for instance, from the period of the Marshall Plan); and – this is well known – he never liked to have his books out of print. Actually, to start publishing books in English by Albert Hirschman (and by the people around him, such as Sarah Hirschman, Clifford Geertz, Judith Tandler, Guillermo O'Donnell⁴ etc.) is not really a problem of money: more than anything else, it is a problem of friendship, of partnership. We need a friend, a partner in North America who will help us in the unavoidable dealings with institutions, authorizations, marketing etc. Any suggestion on this will be appreciated.

Some of you have rightly observed that at this Conference, Albert's numerous Latin American friends are underrepresented. This is true for Latin America and for other parts of the world as well. It is one of the reasons for calling our Conference not the Conference on Hirschman's legacy, but, more modestly, a first Conference. It is the kind of conference that is possible at this moment in time, following a protracted process of participant *self-selection*. Actually, the procedure followed was very democratic. We started

³ Hirschman A.O. (1988), *Come complicare l'economia*, Il Mulino, Bologna.

⁴ I.e. the people that we call our "new classics", jointly representing an open intellectual tradition. Actually, we look forward to enlarging further this first "circle" (see n. 6 below).

with 2,000 e-mails (800 of which went to fellows of the School of Social Sciences at the Institute for Advanced Study in Princeton), sending personal letters (not one simple click for everybody!). Some leading “Latinos”, like Urrutia, Torre, Ocampo etc. could not come for various reasons. Many others did not answer. Of course we would have loved to have Fernando Henrique Cardoso, José Serra, Carlos Bazdresch here, whom Nicoletta and I met through the Hirschmans, or Alexandro Foxley. But they did not reply...

Therefore, we accepted the inevitable and organized what we had. Because the very process of self-selection was gradually shaping our Conference, and this is just how it eventually came out. That is, the participants proposed their themes, and Nicoletta Stame and I distributed them into various sessions, discussed them with Prof. Liah Greenfeld etc. One step at a time, we arrived at the current, important program, starring a good group of scholars and operatives from various disciplines working in the US (half from the Boston area) supplemented by a professor from Israel, a few academics and practitioners from Argentina, Germany and Spain, and a group from Italy. Some of the participants are people of my generation; but the bulk of them are from the following one; and we also have a few young people. On the whole, it is a new network that may initiate a process (if desired). That is, starting perhaps from the data-base we already have and gradually enlarging it, it may in time provide that continuity of thinking and acting that Albert told me about.

The story we are interested in started before Hitler's Anschluss, when two young men – Eugenio and Albert – decided that they wanted to spend their lives understanding

and changing the world. We greatly appreciated (and still appreciate today) the political and democratic reasons for that choice, which stemmed from the greatest human tragedy of modern times (the Second World War and the Holocaust) and which induced the rise of the current of thinking, alternative to both reactionary and dogmatic approaches, that we discuss in this Conference. We have convened it to start scrutinizing the potential of the legacy of that choice, as best we can, in theory and practice. As I said, it is only a first Conference, to be followed by others – maybe in New York, in Latin America, in Europe, Africa, Asia...

A few general warnings may be provided, however: first, we are dealing with a critical and rebellious way of thinking. Eugenio and Albert in the '30s wanted to discover something true and fresh in a world that, before their eyes, was falling into cultural, intellectual and practical tragedy. How did they go about it? They did not believe in Reality (with a capital R) as such, but in relations between persons and between people, facts and science. Eugenio suggested that often, to get good results, the direct use of the human senses is not enough. If you had fifteen arms and legs instead of four – he observed jokingly – I assure you, your understanding of the world would be very different... Therefore, to get as near as possible to “how things effectively are” you should also use intuition, perception, reflection, imagination, speculation, artistic abilities, conjectures, stratagems etc.⁵ Whatever you decide is acceptable, provided that it works.

⁵ We cannot come out of ourselves – Colorni would say. That recognized, one should relax and adapt one's senses as much as possible so as to catch and then elaborate external stimuli. And vis-à-vis human beings one should activate empathy, affection: become interested in their individuality and diversity and support their positive evolution.

And each and every morning the struggle of doubting, reconstructing and building started all over again for these close friends (and brothers-in-law). The results, Albert used to say, had to be “new and good”. Because otherwise they may be good but not new, or new but not good: i.e. useless. Eugenio and Albert worked out clever means for developing their inspiration: ways out and proposals emerged that we now call “possibilism”. Once developed, Albert’s “petites idées” became “castelletti” – taking the word from the Italian Renaissance: *castelletti*, *castellucci* – nice little castles. Because the ability he had was not so much to make interesting observations, but rather to follow their consequences over time, right to the end; so that something might be built on them. It is a trajectory we should all learn in order to work for “a better world”, as Albert often said – *prima facie* rather enigmatically.

A second observation: we are dealing with two political intellectuals. Eugenio and Albert were not simple scholars with political interests or politicians with intellectual interests. We are talking about great intellectuals who were politically committed, even when, from reading their work, it does not seem so. You need to carefully seek out the consequences of each of their papers or books to reach the conclusion that it was generally written... for a better world. There is no point in developing an analysis – Albert told me – if you do not have a policy problem in mind (and vice-versa). But Eugenio and Albert were also two very different characters. Eugenio, six years older than Albert, was precocious. After a difficult adolescence, he “exploded”, rapidly becoming both an intellectual (who went from philosophy into politics, social sciences, physics, math etc.) and a political leader. Albert was “beamish”, as he was called by Fry

and his group in Marseille in 1940: acute and able, “un peu dans la lune”, with a smile on his face; interested in muddling through, in “se débrouiller”⁶. His ideas unfolded with time, so that they may be traced gradually through his books. Actually, one may add, we need both: philosophy and science, politics and economics, determination and gradual elaboration, foundations and the broad development of ideas.

A third point is that, as Eugenio put it, we should *understand*, we should find out, not explain or systematize. We should not provide a Weltanschauung, a system, a law, a formula, a general key etc. or a pigeon-hole. The process should be reversed: whatever our starting point is, we should learn as much as possible, trespass, discover, invent freely, practice something useful etc. Even the schemes that Eugenio and Albert sometimes provided on this or that argument should usually be taken as simple points of departure for new undertakings, intellectual adventures, applications etc. Indeed, by connecting Albert to Eugenio the whole story we are interested in becomes more interesting, more understandable, more reasonable.

⁶ Consciously and/or unconsciously, Albert created around himself an aura of curiosity, bewilderment and even mystery that I would like gradually to dispel. When Nicoletta and I met him in the spring of 1983, he was in some ways a masked man. The reasons, we now know, included an FBI inquiry that was hanging over his head (Adelman 2013, Ch. 9). I told him: look, you may say whatever you want; I know your story because I was born near Piazza Bologna in Rome, where Eugenio was brutally gunned down. It was – I think – a bit of shock for him, because he was not used to saying too much. Then, in part, his initial intellectual and political upbringing in Europe came gradually to the fore. But up to now the early evolution of his ideas has not been fully scrutinized. Actually, it is one of the aims of our online review “Long is the Journey...”: i.e. the progressive explanation of “how he was able to do it”. We want to be as clear as possible - thinking especially of the next generations, of the need to teach them properly. We want to develop an enjoyable learning atmosphere for improving our work, and their work.

Of course, the bulk of our meeting will be dedicated to Albert Hirschman's work and to our speakers' work connected to him. But, here again, we also should look sideways for new forays into understanding and into utilizing Albert's legacy. Many of these will certainly come up in our discussions: think, for instance, of Hirschman and (economic, cultural, social and political) history; think of Hirschman and economics, political science, anthropology etc. Specifically, two of them will be referred to in our Conference. First, the work of Albert in his changing environment and in his dialogue with the people around him⁷. And, second, something we have been doing for many years. As I said, under fascism Eugenio was also a political leader in developing and putting things into practice⁸; but Albert was not. Sometimes, he undertook bold and risky activities⁹, but he was simply "at the disposal" of a good cause – while later, of course, he suggested (as a "técnico" and then an academic) many policy solutions. Now, in between these two attitudes, we believe, there is much to be done. Because if you are seeking development, you should demonstrate that you can encourage it and even make it happen: by means of applied studies and a myriad of practical activities – teach-

⁷ This is, of course, one of the reasons for publishing *Critical Thinking in Action* by Colomi. We hope this will help in further dispersing the bewilderment that existed for a long time around Albert: on where he came from, where he went, and how he did what he did. "One journalist," Hirschman told me in the late '90s, "asked me: 'how do you get your ideas?' What could I have answered?"

In addition, Nicoletta and I would like to develop the study of other protagonists of this extraordinary story as well. Think, for instance, of Judith Tendler or Guillermo O'Donnell. And we would also include uncovering the links to self-reliance and autonomy as targets in helping people help themselves, which Hirschman himself indicated in 2005 in the work of Saul Alinsky, Paulo Freire, John Dewey, Douglas McGregor, Carl Rogers, Soren Kierkegaard, E.F. Schumacher (Hirschman A.O., "Preface" to Ellerman D., 2006, *Helping People Help Themselves*, University of Michigan Press).

⁸ "Only Eugenio," he told me, "was able to say and do".

⁹ Like using his German passport to bring the opposition press to Trieste, or forging fake personal papers in Marseille.

ing, entrepreneurial undertakings of various sorts, local development, administration, evaluation, policy-making etc. Over the years, in fact, we have educated a generation of people that has produced numerous directors, entrepreneurs, managers etc. – dedicated people. Hence, in this Conference, we will see examples of how the Colorni-Hirschman approach has unleashed grass-roots development, democracy, social justice, new ways of “civilizing” – “incivilimento”, we call it. We particularly single out in particular some Southern Italian cases and two important connections we had for a long time: with the teaching of Judith Tendler (an old friend of ours) at MIT, and with the Summer Business School “Global Village for Future Leaders”, at Lehigh University (Penn.).

Nicoletta Stame and I are happy to meet so many Hirschmanian protagonists from different disciplines, professions and parts of the world. We hope to have the time to become familiar with, and understand, each of them; and also to plan new things. Because Albert himself, even when he could not work anymore, wanted to continue. Because there is a learning by doing unfolding here: it is actually true that, when one practices it, his approach gradually becomes a passion...

Morality and Social Science

Kathryn Sikkink

Morality, human rights and transparency

I want to start by saying that I really feel that Nicoletta's paper on interpretive social science and morality¹⁰ should have been presented first in this Session. That it was not, I think, was because she was too modest, as one of the organizers of the conference, to do that. But in many ways Nicoletta's paper provides a broader introduction, a better understanding of the origins of Albert Hirschman's essay on "Morality and social science", which is the topic of my remarks. Because that is really the main moment when Albert makes explicit his dialogue between morality and social science – a dialogue, I think, that went on throughout his whole life. I think this is one of the points that Luca wanted to make in his own remarks: morality and social science are not something Hirschman simply devoted an essay to, they are something he devoted his life to; but often not explicitly. Some of the remarks Luca just made, particularly this notion that Albert was a masked man¹¹, are very relevant for all of us who have grappled with his legacy. The issue is: how do you pin down someone whose explicit life's work was against world views? How do you exactly grasp the thinking of a person one of whose essays is labeled "Paradigms as an hindrance to understanding"? I frequently assigned this to my graduate students – because I thought it was an important essay in ethics – an essay in method, that attacked methods.

¹⁰ Cfr. below the Appendix to this Session.

¹¹ See Luca's "Some Introductory notes", above, note 5.

I presume that many of us have been in a situation of being deeply influenced by Albert Hirschman's work even as we grapple constantly to understand exactly all the implications of that work, and whether we have understood him properly. I just wanted to preface my remarks with that.

My dissertation and first book was about development policy in Latin America and particularly the influence of the Economic Commission on Latin America on policy making in Argentina and Brazil in the 1950s and 1960s. That was how I had the opportunity as a young Ph.D. student to meet Albert Hirschman and to first get some of his advice about a topic that he knew more about than anybody else. Of course my first book cited him frequently, but oddly it is in my recent book, *Evidence for Hope*¹², about a topic that Albert never spoke about explicitly, human rights, that his influence is most profound. I will try to articulate more clearly how it is that Albert Hirschman's work helped me think about and write about human rights. These are some of the things that I deal with in chapter one of the book¹³, but I will try to go beyond that, and engage a little bit more with his writings on morality and social sciences.

The title of Hirschman's essay is "Morality and social science: a durable tension"¹⁴. A tension that I have certainly felt in my work, and I think many of us have felt (and feel) in our work, is that it is difficult for social scientists to talk about ethics. We feel that if we take an explicit ethical

¹² Sikkink K. (2017) *Evidence for Hope. Making Human Rights Work in the 21st Century*, Princeton University Press.

¹³ It was distributed to the participants ahead of the Conference.

¹⁴ Hirschman A.O: (1981) "Morality and Social Science: a Durable Tension", in *Essays in Trespassing. Economics to Politics and Beyond*, Cambridge University Press.

stance we call into question our objectivity and the credibility of our research. Albert Hirschman explains this in part, in this essay, by saying that the social sciences got their start, in fact, by emancipating themselves from traditional moral teaching. “The refusal to be satisfied with the traditional ‘ought’ [instead of ‘is’] *created* a space in which knowledge could unfold” (1981, 296).

Certainly, when I started working, human rights was not considered a serious topic for social science research, for a science where the topic is how the world really “is”, not how it “should be”. When I started researching human rights in the 1990s I thought the choice of topic alone was sufficiently normative, and that I should just spend the rest of my time demonstrating that I was rigorous in my theory and method. I was very aware of the warning in Hirschman’s essay: “our analytical performance becomes automatically suspect if it is openly pressed into the service of moral conviction” (1981, p. 296). And then he quotes an epigram from the German poet Holderlin: “if you have brains and a heart, show only one or the other, you will not get credit for either should you show both at once”. Imagine adding gender to that issue and in the 1990s, a time when there were even fewer women in the social sciences. I clearly would have said that I’d shown my heart sufficiently by choosing to work on human rights, and now I had only to show my brains. I think I avoided talking about morality at the time because I couldn’t find a way to combine ethical commitments and empirical research, and ultimately I love my empirical research the most. It seemed that if you wanted to talk about ethics you had to be a moral philosopher, and if you couldn’t be a moral philosopher then you should stay away from ethics. And to this day that tension exists in philosophy, where if you haven’t read Kant in the

original German all way through you shouldn't say anything.

In that way I think Hirschman was also a model, though very much a philosopher in his own right, much more than most social scientists. He nevertheless modeled a position, or at least aspired to a position where it was possible to be explicit about one's ethical position at the same time as being rigorous.

At the end of this essay is Hirschman's aspiration for the future: it is not what he thought he was doing at the time, it is for the future: "Down the road, it is then possible to visualize a kind of social science that would be very different from the one most of us have been practicing: a moral-social science where moral considerations are not repressed or kept apart, but are systematically commingled with analytic argument, without guilt feeling over any lack of integration; where the transition from preaching to proving and back again is performed frequently and with ease; and where moral considerations need no longer be smuggled in surreptitiously, nor expressed unconsciously, but are displayed openly and disarmingly. Such would be, in part, my dream of a 'social science for our grandchildren'" (1981, 305-6). Note that this is expressed as a hope for "down the road". It is neither what Hirschman himself was doing nor what most of us who struggle to follow his tradition are able to do. It is still a vision "down the road". No one, and certainly not myself, is moving with ease between preaching and proving. To this day, when I read about it, I think it is a goal we will never reach, but it inspires us.

How do we do that? Of course we cannot issue any guidelines on how social science should incorporate morality. Social science has hardly incorporated morality in its pursuits. It is what we should be on guard against.

Albert says that morality “belongs into the center of our work; but it can get there only if the social scientists are morally alive and make themselves vulnerable to moral concerns – then they will produce morally significant works, consciously or otherwise” (1981, 305). Here the challenge is even greater. What does it mean to be morally alive? It is hard to be “morally alive”. What does it mean to be vulnerable to moral concerns? I don’t have an answer there either. And so I am going to do something much more modest. Something that follows from this goal that Hirschman had, but didn’t necessarily follow in his other writings.

I am arguing for transparency, at least transparency about moral positions in social science writings, as a starting place, for being able to have this debate over how to bring morality into our work; and this may disagree with something that Hirschman also said, because at one point – and Nicoletta brings this into her essay – he talks about the importance of having morality in disguise. I think he saw this as a transition: given that it is so hard to do it, it is okay that initially we do it in disguise. I certainly consider myself to have disguised my morality in my work in that sense for many years: not consciously disguised it, but out of this fear about the brains and belief.

But at a certain point morality in disguise becomes a problem in the social sciences. In particular I want to speak about my debate, in my book, with some critical theorists. Today there is a huge pessimism around human rights,

about the effectiveness and legitimacy of human rights activism, laws and institutions in the world. Some of that pessimism comes from authoritarian regimes, it comes from the Trump administration: people who are not your allies and you don't want as your allies; you're happy to be on the other side. But a lot of the pessimism comes from people who are your allies in their vision of human rights, from some of my critical theorists colleagues, who use expressions like "The end-times of human rights", "The twilight of human rights", "We are now in the post human rights era"... Recently a critical theorist, Bernard Harcourt, came to speak at Harvard University, four days after the Trump election: he said it would be "the death of human rights", and he added that he was under "no obligation whatsoever to offer any proposals for change. We are just going to clear away misperception and not offer any proposals".

I have really been grasping for how Albert would engage in a dialogue with critical theorists; some of my beloved students and colleagues at the University of Minnesota before I came here came out of this critical tradition, and they are people I admired and I wanted to talk about ... And I eventually came to the conclusion that my critical theory colleagues were actually greater idealists than I was, and that this may be very odd, especially with reference to what Harcourt said: "I won't even propose anything". They are caught in something that I call "comparison to an ideal": there is an ideal in the mind, an ideal that cannot be reached. And because they are so disillusioned about our inability to reach that ideal, that disillusionment finds its outlet in an incredible pessimism and a deep critique of the existing human rights institutions.

And so, people you think will be allies turn out to be the greatest contributors to this deep pessimism; and the fear of this pessimism is a dilemma, and this goes very much to Hirschman's notion of possibilism. The dilemma is that pessimism can undermine change. At the center of Hirschman's work there is attention to human agency, and the fear that humans will not be able to struggle for change if they believe that the situation is hopeless. So he opens this idea of possibilism. Possible, not probable – this is the tension; possibilism is what is feasible perhaps, but certainly not what is probable. What makes possibilism important is that people, agents who believe in change, can open up space for what is possible, and sometime make what is possible happen.

And I believe this is what the human rights movement has done repeatedly, even if something might have been perceived as impossible at the beginning, it has in some cases made it possible. My colleague Elizabeth Jelin is here from Argentina; I've learned so much from her about the human rights movements in Argentina. I would say that these movements are a really good example of groups that worked in a situation that took issues seen as impossible at that time: justice, truth, all sorts of memory work (that Jelin's work points to) and made it one of the dominant motifs of post-transition Argentina.

I want to end with the transparency issue. My challenge to the pessimist people is: "if you are engaged with comparison to the ideal, just tell us the ideal", because then we will be able to have a better dialogue. They are deeply critical of the international criminal courts. "What kind of courts do you imagine?" And someone said "I imagine a court that

puts capitalism on trial”. And I said “fine, just tell us, because when we evaluate your critique of the international criminal court – why it is so fundamentally flawed – this helps us understand the model you are comparing it with. And if I don’t necessarily share that model, then that’s good because that helps us engage in dialogue”.

My former colleague Samuel Moyn, who was here at Harvard Law School and now is at Yale, who wrote this book *The Last Utopia*, often says that the human rights discourse is minimalist, is anti-politics, and is completely incapable of addressing economic inequality. He says that human rights is powerless with regard to economic inequality. My colleague David Kennedy at the Law School says the same thing: “How narrowly the human rights tradition views human emancipation”¹⁵; but he fails to spell out the alternatives. Let’s look at the Declaration of Human Rights, which is full of economic and social rights as well as civil and political rights. What about that document fails to spell out human emancipation? If people genuinely had all the rights solemnly affirmed by the Declaration of Human Rights wouldn’t that have been a view of human emancipation? So Kennedy speaks of human emancipation, but he never tells us exactly what it is.

So I think if we are going to move this debate on morality and social science ahead, one step in the right direction is through being transparent about our ethical positions; I try to do that in chapter 1 of my book where I explain why human rights is a discourse that has led to greater equality, has led to more emancipation and that has the possibility of

¹⁵ In Sikkink (2017), quoted, p. 35.

doing so as groups turn their attention to the wider range of rights that are represented already in the Universal Declaration of Human Rights.

Let me end by saying that Albert Hirschman would be the first person to remind us that change is gradual, disorderly, and the result of unique constellations of disparate events, including the activism of individuals he called reform-mongers. And even though he called sometimes for morality in disguise, I wanted to turn instead to that last statement he made, and that is the notion of transparency, when we move between preaching and proving, and I think we cannot even think of moving with ease in that direction if we can't first say "what would I be preaching in favor of?".

Fonna Forman

Adam Smith as a Public Thinker; Latin American Urban Development as an Exemplary Case in That Context

In the late 1970s, as the Chicago boys descended upon Chile with their recipes for economic growth, Albert Hirschman published a book from his exile into intellectual history that aimed to resuscitate, to rescue the complexity of modern political economy that was lost in the ideological wars over capitalism. *The Passions and the Interests* (1977) centered on Adam Smith. For Hirschman, Smith was not the ideological monolith that economists had deployed for two centuries to validate their claims about economic man and their views of capitalist society. Now, the conventional reading of “Smith the Capitalist” is obviously not without basis. Smith’s best known book *The Wealth of Nations*, published in 1776, can easily be refracted through an ideological lens into a manifesto of free markets and small states; where justice is “negative” – confined to the protection of property rather than redistributive; where humans are presented as calculating creatures motivated by self-interest; and where wealth flows from the wealthy to the poor without a single redistributive impulse.

But when they thrust Smith into 19th and 20th century debates, and detached him from the 18th century Scottish Enlightenment context in which he was writing, these ideas became distorted, unmoored from their ethical roots, from

their essential contextual meanings, and from Smith's intentions in writing them. Economists failed to grasp that Smith was a moral philosopher primarily, not an economist; and that he was preoccupied with the central ethical questions of his day: notably how modern, commercial societies would both prosper and cohere without the traditional institutions and sources of authority and value that had regulated social relations in the past. Smith was proposing a lighter, freer, self-regulating mechanism of social coordination that worked without authority or love, that derived from reality itself, from how ordinary 18th century, increasingly urban people actually behaved in a society of moral equals. Commerce in this sense was a socializing agent; *doux commerce* as Hirschman described it.

Smith's work embodied the complexity that Hirschman was always seeking: navigating tensions between ethics and economics, between self and society, between selfish and other-regarding motives for action, between consumers and citizens, and between private and public benefits and the role of the state in balancing them. Smith always located himself somewhere provisionally in the middle of these tensions, a realist in this sense who refused to anchor himself to what he called "dialectical" poles of abstract, systematic reasoning in both philosophy and politics which typically failed to take human beings as they are. I imagine Hirschman saw much of himself in Smith's equipoise.

From the opening paragraph of his ethical treatise of 1759, *The Theory of Moral Sentiments* – a book that economists never read – Smith announced his commitment to realism and complexity. He opened his book: "However selfish so ever man maybe supposed, there are evidently some principles in his nature which interest him in the fortune of others

and render their happiness necessary to him, though he derives nothing from it, but the pleasure of seeing it". Few appreciated that Smith's account of human motivation was neither speculative nor abstract, but was grounded in a distinctive 18th century Scottish commitment to empirical inquiry, the 'social science' of Smith's day. Like Hirschman, he was a student of human behavior; and he studied it in the only way the 18th century social science could: by observing it up close, and describing in rich detail the texture of life social life among the people around him, how the social cooperation in small spaces that he knew actually worked. The routine practices of everyday dominated Smith's narrative. He was perhaps the century's most sophisticated practitioner of what anthropologists would later call thick description. By the light of an empirical lantern Smith was attempting to make sense of a rapidly changing reality. As Luca said of Hirschman this morning, he wanted to understand, he was not trying to systematize.

Adam Smith was a public theorist, who thought deeply about public well being, public goods, public culture and the sorts of public investments that states would have to make in an increasingly complex future, as they became larger and more affluent. His progeny in later centuries excised these inconvenient dimensions of his political thought. But Smith thought the functions of the state much broader than ensuring the conditions for the free movement of trade, and punishing those who violate the liberty of others. While the invisible hand was obviously a motif in his work, Smith argued that government needed to invest strategically and judiciously in public goods and public infrastructure to ensure a basic quality of life for the least well off, particularly in cases where the market is not incentivized to produce these things. Smith was alarmed by the conditions of the

working poor in early industrial capitalism; and devoted an entire section of the *Wealth of Nations* – again a section that the economists don't read, indeed the longest section – to elaborating the state's provision of public goods, the necessity of progressive taxation, taxation on luxury goods. Smith spent dozens of pages discussing the virtues of public education, essential to countering the dehumanizing effects of industrialization and cultivating a civic consciousness among the working classes. Smith worried about political apathy, and encouraged modern people to keep an eye on unscrupulous political actors who would use government to their advantage. Education helped with this. Workers and consumers needed to be citizens too.

Let us not forget that Smith was talking about the state in the 18th century. He did not need abstract principles to worry about state interference. His was a practical response to world moral and economic failure. His views of the state were closely allied with his moral outrage against empire and slavery. He was among the century's most vocal critics of exploitative and extractive European atrocities abroad, based not only on economic considerations – that it was bad economically for Britain – but on principled ones as well. Empire corrupted the European soul. When Smith was writing, states had become puppets for the vile and monopolistic agendas of international trading companies like the East India Company. Smith didn't trust the state, or the corrupt politicians who enriched themselves colluding with evil.

One really needs to understand this to fully appreciate Smith's view of states and markets in the 18th century. For two centuries, neither Smith's devoted liberal followers nor

his virulent Marxist detractors acknowledged the complexity and convolution of his thought. Of his account of motivation as a cluster of psychic tensions, of modern morality as a function of social interaction, of politics as the mechanism for balancing public and private ends, or of free trade as an 18th century weapon against empire. Instead, Smith became an ideological trampoline for 19th and 20th century agendas. His thought was reduced to a set of parsimonious clichés. Economic man, rational actors, small states, trickle-down economics, and more recently neo-liberalism, privatization, austerity and little else. Amartya Sen put it well: “some men are born small and some achieve smallness... but Adam Smith has had much smallness thrust upon him”. Complexity is always inconvenient for the ideologist. Both left and right so often missed the boat in so many things, both theoretical and practical. It is a theme that runs through Hirschman’s work. *The Passions and the Interests* impulse helped to instigate waves of revisionist scholarship on Smith through the ‘80s and ‘90s across the humanities and social sciences, including mine.

By situating Smith in an 18th century debate about ethics and social coordination – a debate about “capitalism before its triumph” – Hirschman could restore humanity to modern political economy – not as a historical exercise mainly but, like the Cambridge intellectual historians he engaged at the Institute at the time, as an exercise in realism. But unlike Quentin Skinner’s Machiavelli and John Donne’s Locke, which were crypto-normative defenses of social democracy, Hirschman’s Smith was transparent – in the sense Kathryn mentioned. Openly defending human rights and the tradition of reform against what Milton Freedman and Chicago School boys were inflicting on Latin America at

that very moment. By returning to Smith he could demonstrate how far the economists had strayed from the roots of social science, how narrow their account of economic man, and how singular their solution to the economic crisis of capitalism has become. How delicious it is to mobilize the words of the father against his children; and how urgent in the late 1970s, when the misappropriation of Smith in Latin America and in other post-colonial states was so ethically fraught.

In this historical light, I believe that Latin America becomes a rich terrain for engaging Smith's diverse legacies and the subject of markets and morals more generally. For the Latin American context, as you know, *neoliberalismo* typically involved collusion between national governments, international banks, and multinational corporations, with the consequence of divesting local citizens of their public rights over natural resources like metals and water, producing alternating eruptions of radical resistance and tyrannical repression across the continent. Cold war anxieties in the 1970s produced sinister alliances between American presidents and genocidal dictators like Pinochet in Chile and Rios Mont in Guatemala, who reduced all social resistance to communism, whether rooted in aboriginal communities or university classrooms, and carried out genocide in the name of freedom. Adam Smith, who condemned the exploitation inflicted by the multinationals of his own day, would never have supported the structural adjustment schemes of the 1990s across Latin America, and the collusion of state and corporate interests, and the pockets that were lined, and would never – ever – have tolerated the crimes inflicted against local people and the decimation of their small scale economies and ways of local life. It could

be said that Latin America was the battleground for Smith's legacy over the last century.

Hirschman's categories seem to work very well here, with the Chicago boys and liberalism, on the one hand, which took Smith's *Wealth of Nations* as the Holy Grail, and whole scale Marxist revolutionaries, on the other. But at the center, occupying the center, is the great variety of opportunistic and scrappy reformist projects that so impressed Hirschman in the late 50s when he was in Colombia and elsewhere. This spirit of reform is written into the DNA of Latin American resilience for Hirschman. The small scale bottom-up practices of the middle-ground instigated by visionary reformers of all scales from very local to national; the kind of bottom-up entrepreneurial activities staked out by Smith in the 18th century and the kind of projects Hirschman immersed himself in while in Colombia. This lineage of reform – I believe – made cities like Bogotá and Medellín in the late '90s and 2000s among the most important examples of experimental urban transformation in the last 20 years. Shackled by neither neoliberal nor revolutionary promises of a new world, but retrofitting the existing reality.

I will say something on this: it is where my research – very much of a work in progress – is turning now. In these cases, progressive mayors rejected the poles of neoliberal growth and revolutionary change. I have been working closely with them to understand the political and social processes that accomplished so much. And both of them very openly situate them squarely in this opportunist/reformist space, working across sectors to mobilize latent bottom-up capacities and knowledge across the cities. Progressives and public-minded reform-mongers, in Hirschman's sense,

both of them. They came into office in a time of intense urban chaos. Bogotá was considered the most violent city on the planet in 1995. Both cities committed to bold public agendas to reduce violence and inequality and, this is the key, they understood that the top-down and the bottom-up needed to meet – neither could go it alone. The Municipalities became think-tanks, problem-solving laboratories facilitated by urban curators who mediated interfacing between academics, the private sector, grass-roots organizations, and art and culture producers to design new strategies of public management, civic engagement, the transformation of social norms, social behavior, and infrastructural reform. Both, Bogotá and Medellín, invested maximally in public infrastructure, transportation projects to shrink distances and stimulate flows. Both cities also concentrated investments in the poorest and most marginalized zones: schools, libraries, parks infused with amenities, social services, and extending water and sewage services nearly to all. But equally important to all neighborhood scale investments was the creation of new bonds of trust across sectors, and a sense of dignity, of collective ownership of the cities.

I am going to pause there. Obviously, there is a lot more to say about those cities. But I have outlined a project of transition from a reformist revisionist reading of Smith to very bottom-up local scale projects in Colombian cities. I wanted to honor Albert Hirschman's legacy, his impact on me for sure, as a notorious border-crosser who relentlessly transgressed what he saw as self-defeating binaries like theory and practice, norms and facts, public and private, and morality and social science. And I hope I've also provoked a new thought, a germ of a new idea inspired by Hirschman's life and work, that the histories, practices and

ideologies of Latin American development throughout the 20th century reveal perhaps more powerfully than any other setting, the competing legacies of Adam Smith.

Debate

Christopher Jencks

When we talk about morality in the social sciences there are two completely different meanings. One is the moral judgments of the authors, the social science people; the other one, much more interesting, is the morals of the people whose behavior we are trying to clarify. This should be a source for explaining what we are studying, and we don't use it nearly enough. It is not that nobody in the social sciences does this; anthropology is full of descriptions of moral stances. But if you look at what is published today about, for instance, predicting how to raise the test scores of children in schools, or how to foster economic development, or why what works somewhere else could not work here in implementing social policies, very little is said about differences in the moral views, or the moral behavior, of the people who we were trying to explain.

So I am intensely positive about understanding the moral behavior of the people. I am less interested in understanding the moral stance of the social scientist: I don't think that pushing my own morality, or adding my moral judgments would actually be terribly helpful. I don't see how it could be.

Nicoletta Stame

I will take up Christopher's remark: morality in the social sciences is a matter of the author and of the people s/he is

analyzing. The first person who started thinking in these terms was Clifford Geertz, who in 1968 wrote an article entitled “Social thought as moral act”, which deals respectively with the moral world of the people we are studying and the moral commitment of the author/anthropologist. I think the two aspects, the moral commitment of the researcher and the moral thinking of the subject of our research, are linked, and our research moves continuously between the one and the other.

These two aspects were also brought together in an interesting debate that took place at the end of the ‘70s – also reminiscent of the ‘68 movement - among the people who called themselves “interpretive social scientists”, which included Clifford Geertz, Albert Hirschman and Robert Bellah. Bellah convened a conference in 1980 at Berkeley, under the heading “Morality as Social Science”. Albert was invited to participate, but at the beginning he was reluctant, and moving from what he said there through what he wrote in the article “Morality and social sciences: a durable tension” one can see how his ideas evolved, from thinking about “morality in disguise” to the call for “moving between proving and preaching and back again with ease”.

At that conference Albert talked about what became the topic of *Shifting Involvements*. He said that people changing their attitude from private to a public involvement was a much more interesting topic than the maximizing *homo economicus*, because it showed that they had greater ideas – passions I would say – and that there were moral aspects of their ways of behaving that had to be taken into account. So he was speaking in terms of the morality of the actors. Note that at the conference most people did not understand what he was talking about, because most of them

were concerned only with the morality of the authors. But in the later introduction to *Morality as social science*¹⁶ – the book that contains contributions from the conference and others as well (including Hirschman’s article) – Bellah makes clear that there are many ways in which morality enters social science.

Then Albert became more involved with the subject (also because he was agonized by events in Latin America that called for a clear stand vis-à-vis authoritarian regimes) and he started reflecting on how the morality issue had entered his own work. This became a foray into various dimensions of that relationship, both from the point of view of the object of research and of the author. In my essay¹⁷, the one mentioned by Kathryn, I refer to a note Albert wrote in preparation for the article, where he sketches how the separation between morality and social science came about, was followed in due course by aspects of human behavior that exceed “amoral rationality” and made for better social science. It is here that he admits having introduced the idea of morality in disguise.

But then, Albert develops from theorizing in disguise to moving openly and with ease from proving to preaching and back again, and this refers to his own attitude: from when he concealed even from himself that he had written *Exit, Voice, and Loyalty* out of a rethinking of his own experience (see the Introduction to the German edition) to the dream of the “social science for our grandchildren”.

¹⁶ Haan N. et al. (1983) *Morality as Social Science*. Columbia University Press, New York.

¹⁷ “Interpretive social science and morality”. See the Appendix to this section.

Kathryn says that he was not actually proving and preaching, that it was his idea and his aspiration. But I think he was also doing it. Already in his Italian and European experience before and after the war he was very much engaged with processes of change and development: his moral commitment led him to think about what was good and possible and what was not. And when he collected his essays for *Essays in Trespassing. Economics to Politics and Beyond* (1981), he wrote a note to his publisher, in which he said: “Please add this essay [“Morality and social sciences: a durable tension”] to the collection, it will give sense to the subtitle”. *Beyond* was the moral dimension: it was clear to him that this article accurately represented his way of thinking.

Appendix

Nicoletta Stame

Interpretive social science and morality¹⁸

At a moment when moral issues are increasingly relevant to the life of our societies (growing inequalities worldwide, environmental damage, renewed imperialistic policies, terrorism and wars) the question of the place of morality in social science is once again on the agenda. Forty years ago, the same question was raised for the first time by the group of social scientists, from different disciplines, who had converged on the idea of “interpretive social science” as practiced at the School of Social Science at the Institute of Advanced Study (Princeton). Under the intellectual influence of Clifford Geertz and Albert Hirschman¹⁹, these authors openly dared to challenge an omission that was imprinted in the very origins of their disciplines. This episode of responsible creativity still speaks to our current predicaments.

“Interpretive social science” was a reaction to mainstream social science as it had developed in the ‘60s and ‘70s, with its positivistic tenets of value-freedom, “objectivity” and the detachment of the researcher. It aimed to “criticize and

¹⁸ Paper distributed to the participants ahead of the Conference. See www.colornihirschman.org/first-conference-on-albert-hirschman-legacy.

¹⁹ On the School of Social Science at the Institute of Advanced Study (IAS) at Princeton, see my note in <http://colornihirschman.org/article/long-is-the-journey-n1/the-school-of-social-science>.

refine the prevailing theories and methodologies of the human sciences (characterized by) overspecialization, present-mindedness and unwarranted scientism without much compensating capacity to provide satisfactory solutions to the pressing social and economic problems of the day”²⁰. “Interpretive social science” was a plea for a more modest approach to reality that included understanding the meaning of social action before trying to explain its causes, developing middle range theories and remaining open to new discoveries, and a sense of moral commitment by the researcher, who is part of the research. In Geertz’s words: “As ‘interpretivists’, self-declared and self-understood, we were interested in work that reached beyond the narrowed confines of a fixed and schematized ‘scientific method’, one that connected up with moral, political, and spiritual concerns” (2001: 8).

Indeed, “interpretive social science” does not limit itself to appreciating subjective values without fearing the charge of relativism, but aims to submit values, meanings, behaviors to a sound analysis. This is implicit in the way these social scientists addressed a question that had no relevance in mainstream social science: “what is morality that should guide social science?”. In the words of Bellah et al. (1983: 17), “at stake is the issue of how empirically described life and ethical vision can be brought into relation”.

My aim is to reconstruct how morality became an important topic within “interpretive social science”, overcoming its exclusion from positivist epistemology, by examining the ways in which this exclusion had come about: the object of

²⁰ School of Social Science: 7. The document “Our idea of a social science” was prepared for fund raising. It was written by Quentin Skinner and William Sewell under the supervision of Albert Hirschman and Clifford Geertz.

research was defined as “facts, not values”, the goal of research as “descriptive, not normative”, the attitude of the researcher as “detached, not involved”. Ethical considerations were therefore considered the realm of the humanities, not the sciences. Geertz first, and then the other authors who identified themselves as interpretive social scientists, contested these dichotomies: they considered together the various spheres of life and of inquiry that both positivist social science and hermeneutic philosophy, each for their own good reasons, wanted to keep separate²¹. Actually, these authors did not feel at ease in these paradigm wars, nor in the company of such strong dichotomies (scientism vs. subjectivism).

Overview

What does it mean to say that “social scientific research is a variety of moral experience” (Geertz, 2000: 23)? This relates to what morality is understood to be, as well as to how to deal with it within one’s field of research.

Two types of content are attributed to morality in this literature. On the one hand is understanding the meaning people attribute to their actions – that is, their mores (“persons are moral agents, they question themselves and take responsibility for the stances they adopt”, Sullivan, 1983: 306). On the other, there is defining what it is to live a human life (Sullivan, 1983: 304). These two types of content may refer

²¹ Geertz, in *Available Light* (2000: 145) criticizes the schematic opposition between the natural and human sciences posited by the hermeneutic philosopher Taylor, the idea that between them there is a gulf, a dichotomy instead of a mere difference. While praising Taylor’s contribution to defending the integrity and vitality of the human sciences (including sociology) from the attacks of positivism, Geertz criticizes him for not having distinguished ruptures and discontinuities within the natural sciences.

to both the object of research and the attitude of the researcher.

Given the pervasiveness of the “amoral” stance in all social disciplines, there can be no single way of combining morality and social science. Among the interpretive social scientists two main strategies can be detected²²:

- Recognizing that ethical orientations have always been present in scientific research, although in disguise, and exposing them: “ethical orientations are present, disguised or not, everywhere in the enterprise of social science” (Bellah et al. 1983: 8).
- Keeping the tension between the two poles of these oppositions open. This is what Bellah calls “to criticize the weaknesses of modern thought from within its own assumptions” (ibid: 9).

In what follows I will examine how four social scientists tackled the topic from the standpoint of their own disciplines (anthropology, sociology, economics, political science), thus helping to create a space for morality inside a social science better equipped at addressing the problems of the day.

I will present the position of each author with reference to:

- The relationship between morality and social research;
- how to understand moral issues: mores vs. ethical values;
- main topic tackled: the object of research vs. the relationship researcher/subject;

²² These are among the strategies identified by Bellah et al. (1983: 15) in the “Introduction” to *Social Science as Moral Inquiry*. Referring to the various chapters in that book, they dismiss a third way of approaching the topic, the “deconstructionist strategy”, which is a complete rejection of the whole problematic: “those in the deconstructionist position view power and knowledge as so closely related that one cannot deal with one without dealing with the other”.

- strategy for dealing with the topic: keeping the opposition open vs. exposing what already exists.

At the end I will draw some comparisons among them.

Clifford Geertz on Morality

In 1968²³ Clifford Geertz wrote an essay entitled “Thinking as a moral act: ethical dimensions of anthropological fieldwork in the New States”²⁴ that started by quoting Dewey, whose thought is synthesized in the sentence: “thought is conduct and it is to be morally judged as such” (2000: 21).

In that essay Geertz affirms that social science research, contrary to the tenets of the “scientific method” and of the “detached observer” – is a moral experience: “methods and theories of social science are not being produced by computers but by men and women (...) operating not in laboratories but in the same social world to which the methods apply and the theories pertain” (22). “Social research (is) a form of conduct” and “implications (should) be drawn for social science as a moral force” (23).

Geertz discusses two instances of the ethical dimensions of anthropological fieldwork, his own scientific domain and one that has found its *raison d’être* in the age of imperialism. He exposes the personal dilemmas of the researcher and criticizes the way they have usually been kept under control by what he mocks as the anthropologist’s “vocational stoicism”.

²³ At that time he had not yet met Hirschman, but had quoted the latter’s work on development (*Strategy of Economic Development*).

²⁴ Now in Geertz (2000). The quotes that follow come from this edition.

The first instance refers to “the imbalance between the ability to uncover problems and the power to solve them”(37): one is often confronted with dilemmas like choosing between the different effects of an intervention, and it is useless to pretend that social scientists are uninterested in their moral implications.

The example concerns agrarian reform. This is a recalcitrant problem, which Geertz has analyzed in Indonesia and Morocco:

“In both situations (there is) a radical short-run incompatibility between the two economic goals which together comprise what agrarian reform in the long run consists of: technological progress and improved social welfare. (...) In Indonesia, (...) this contradiction expresses itself in terms of an extraordinarily labor-intensive, but, on the whole, highly productive mode of exploitation. (...) Technological progress of any serious scope (...) means the massive displacement of rural labor, and this is unthinkable under the present conditions “(25).

In “the Moroccan situation (...) there is a split between large-scale (...) modern farmers and very small-scale four- and five-acre traditional dirt farmers”. The dilemma that it presents distinguishes between, on the one hand, a continuation of the situation which “over and above its social injustice, (is) not one that is likely to endure very long in the post-colo-

nial world, and indeed has now already begun to alter. On the other, a disappearance of such farmers and their replacement by small peasants threatens (...) a fall in agricultural output and foreign exchange earnings which (...) cannot (be) regarded with equanimity” (27).

Apparently both countries have ‘chosen’ “higher levels of rural employment over economic rationalization”. But “this sort of ‘choice’ is, for all its welfare attractions, a most dubious one, given a physical setting where advanced techniques are necessary not just to prevent the decline of output but to avoid a progressive deterioration of the environment to levels for all intents and purposes irreversible” (27).

Observing that “technological progress and improved social welfare pull very strongly against one another; and the more deeply one goes into the problem, the more apparent this unpleasant fact becomes” (28), Geertz believes that this epitomizes “what the moral situation embodied in the sort of work (anthropologists) do is like”: “the imbalance between an ability to find out what the trouble is (...) and an ability to find out what might be done to alleviate it, is not confined to the area of agrarian reform, but is pervasive: in education (...), in politics (...), in religion” (29). All this being “on a rather impersonal, merely professional level”, it is usually met “more or less well, by conjuring up the usual vocational stoicism” (29) according to which “many social scientists (protest) ‘I don’t give advice, I just point at the roots of the problem’” (39).

The second instance of the ethical dimension in social work involves what Geertz calls "the ethically ambiguous character" of the "inherent moral asymmetry of the field situation", "the inherent moral tension between investigator and subject" (34, 33, 37). Something the "usual vocational stoicism has found it harder to neutralize".

"The relationship between an anthropologist and an informant rests on a set of particular fictions half seen-through" (34), what Geertz calls the "anthropological irony" (29), which is not understood in the traditional conception of the detached researcher.

"After awhile one even develops a certain resignation toward the idea of being viewed, even by one's most reliable friends, as much as a source of income as a person. One of the psychological fringe benefits of anthropological research – at least I think it is a benefit – is that it teaches you how it feels to be thought of as a fool and used as an object, and how to endure it" (30).

The anthropologist comes to represent "an exemplification (...) of the sort of life-chances (the informants) themselves will soon have, or if not themselves then surely their children" (31). This is what Geertz calls "the touching faith problem": "it is not altogether comfortable to live among people who feel themselves suddenly heir to vast possibilities they surely have every right to possess but will in all likelihood not get" (31). Thus the anthropologist "is left ethically disarmed, (...) back on a barter level; one's currency is

unnegotiable, one's credits have all dissolved (which leaves the one with) a passionate wish to become personally valuable to one's informant – i.e., a friend – in order to maintain self-respect. The notion that one has been marvelously successful in doing this is the investigator's side of the 'touching faith' coin: one believes in cross-cultural communion (one calls it 'rapport') as one's subjects believe in tomorrow" (33).

"The anthropologist is sustained by the scientific value of the data being gathered (...) the informant's interest is kept alive by a whole series of secondary gains (...) but if the implicit agreement to regard one another (...) as members of the same cultural universe breaks down, none of these more matter-of-fact incentives can keep the relationship going very long" (34).

This awkward situation is faced by people who are eager to deny "their personal subjection to a vocational ethic" (that implies "failing to have emotions nor perceiving them in others"), who "insist that social scientists are unmoved by moral concerns altogether – not disinterested but uninterested" (39), and invoke their "detachment", "relativism", "scientific method". Geertz admits to the "difficulties of being at one and the same time an involved actor and a detached observer" (39). And yet, he reminds us that "the anthropological field as a form of conduct does not permit any significant separation of the occupational and extra-occupational spheres of life. (...) In the field, the anthropologist has to learn to live and think at the same time" (39).

Thus “the central question to ask about social science is (...) what does it tell us about the values by which we – all of us – in fact live?” (38). The answer provided by Geertz suggests that social science can offer moral judgments by keeping the tension between the usual opposites open. It is a suggestion:

- “to combine two fundamental orientations toward reality – the engaged and the analytic – into a single attitude”, and
- “to look at persons and events (and oneself) with an eye at once cold and concerned”, which represents a “sort of research experience (that) has rather deeper, and rather different, moral implications for our culture than those usually proposed” (40).

In conclusion:

“A professional commitment to view human affairs analytically is not in opposition to a personal commitment to view them in terms of a particular moral perspective (...) the flight into scientism or, on the other side, into subjectivism, is but a sign that the tension cannot any longer be borne (...) these are the pathologies of science, not its norm. (...) To attempt to see human behavior in terms of the forces which animate it is an essential element in understanding it (...) to judge without understanding constitutes an offense against morality” (41).

Where Geertz stands:

- Considers social research as a moral experience.

- Considers morality as the meaning people attribute to their acts when faced with ethical dilemmas (people are moral agents).
- The anthropologist undergoes a moral experience when facing the dilemma of the imbalance between uncovering problems and solving them (the object of research) as well as in relating to his/her subject (the ironic asymmetrical relationship).
- Strategy for keeping the tension open between morality and social science: analyzing with commitment.

Robert Bellah on Morality

In 1980 Robert Bellah organized a seminar at Berkeley on *Social Science as Moral Inquiry*, on the idea that the dimension of morality is constitutive of social science itself. His intention in acknowledging that “value commitment in some form or another is inevitable in doing social research”, was to grant visibility to a way of thinking that existed but was never discussed as such (Bellah et al., 1983: 8).

The seminar was to answer two broad questions: “a) Why has this interest and concern about moral issues in social science occurred? In other words, what are social science’s difficulties? Why are past guidelines unsatisfactory, suspect, pallid, wrong, or whatever? b) If we are to abandon the stance (or some would say, pretension) of value-neutrality, how can we act so as to assure that social science doesn’t disintegrate into ideologies? In other words, what kind of

moral theories can we use and how can we use them and still retain legitimation in our own and others' eyes?"²⁵

In a 1983 book with the same title (Haan et al., 1983) that collected some of the remarks from the seminar (and added other chapters as well), Bellah et al. (1983: 8) warn that thinking along these lines will lead to a reconsideration of the character of the various disciplines ("how the failure – of economics, psychology, anthropology and history – to deal adequately with the ethical dimension has precipitated questioning and doubt and stimulated the beginning of new formulations") and of the "role of social science in social policy".

For his own part, Bellah (1983)²⁶ leans toward the strategy of reviving the moral stances that have always been present, although disguised, in social theory, and sets out to provide a reformulation of social science going as far back as the tradition of Aristotelian social and moral thought. He finds a continuity from ancient social *inquiry* to modern social *science* as regards the relationship between morality and social thought; and he opposes it to the contemporary idea that it is possible to speak of a social *science* only when such concepts as detachment, value-neutrality, etc. have been established.

Following Aristotle, who considered social *inquiry* as "a practical science, one indelibly linked to ethical reflection", Bellah sees the terms "moral sciences" and "social sciences" as interchangeable (1983: 360). The notion of "social science as practical reason" (361) sets the stage: "the purpose

²⁵ Letter of Norma Haan to Albert Hirschman, October 5, 1979. Hirschman Archives, b. 8, f.6.

²⁶ The quotes that follow come from Bellah's chapter in the Haan et al. (1983) book.

of social science (is not) to provide the most effective means to predetermined ends. Social science as practical reason must, on the contrary, make ends as well as means the objects of rational reflection” (362).

While the ancients (Plato, Aristotle) were concerned with what the good life is (p.362), the modern Machiavelli was “not interested in how the world should be, but how it actually is” (362) – which is considered the starting point of a social *science*. Yet Machiavelli had no less passionate ethical ends in view (the unity and independence of Italy). The same could be said for other giants in modern political thought: Hobbes envisaged the role of an absolute state with the moral aim of survival. Tocqueville, who spoke of a new political science, was gripped by the passion for liberty. And Marx too, for all his “scientific” socialism, was moved by moral passion.

Then, coming to his own disciplinary field, sociology, which is a comparatively recent product of social thought, Bellah contrasts the ethical aims of the main figures in the field with their claims of “establishing a genuine scientific sociology” (p. 373).

Durkheim, the father of a positivist sociology who preached that social facts should be considered as things, was imbued with a fundamental morality. His idea of “society” as prior to the individual, “had profound and political implications that determined the practical meaning of his science” (366) and his practical activities as an educator. At the same time, he thought “about society ‘scientifically’ by deriving the ethical ends of action from empirical investigation” (367).

Weber, talking about science as a vocation, had “eloquently argued that the relation between scientifically discoverable means and ethical ends is extrinsic and that science had nothing whatever to say about ends” (368). Yet his work

expressed a conflict between the ethics of responsibility (the use of legitimate force) and the ethics of ultimate ends (brotherly love), between power and the religion of salvation, between science and ethics (369).

This mixture of ethics and science allows Bellah to borrow a concept from Weber that would become central to his own thinking: that of tradition²⁷, which would even incorporate the germane Weberian concepts of charisma and rationality.

“In modern societies, both the general social tradition and the tradition of social thought are multiple, diverse and partially in conflict” (372). And the individual will continually move among all of them, using one tradition (e.g., social inquiry) to criticize another (e.g., the norms of society) or “reflecting on the logical coherence of, and the empirical evidence for, different traditional views (...) In this process of reception, practice and reflection it is quite arbitrary to decide what is cognitive and what normative, when we are being scientific and when ethical. Indeed intellectual acuteness and ethical maturity in this area go hand in hand. Wisdom is the traditional word that includes both” (373).

Such wisdom had however been repressed as, following Parsons’ way of understanding the “professionalization of science”, sociologists like Collins denied pursuing any practical benefit, but rather “a coherent, powerful, and verified set of explanatory ideas” (374). Since our heads are filled with false consciousness and traditions, Collins maintained,

²⁷ Sullivan (1983), in the same book, reconsiders the communitarian tradition in American political thought, contesting the liberal tradition that ignores the moral dimension, and reclaiming the earlier notion of society (republican) and of responsible citizens that existed alongside the liberal tradition.

“a distinction between value judgments and logical and descriptive statements” (375) is mandatory. Helping us to see people as animals maneuvering for their interests, and making us “aware of the plurality of realities, the multiplicity of interests, and the tricks used to impose one reality upon others”, social science will free our minds from illusions.

In rejecting this attitude, Bellah clarifies the reason for his strategy of combining morality and social science by exposing what had always been there: “it is extremely unlikely that sociology can ever be a paradigmatic science in Kuhn’s sense (...) what creates coherence and continuity in social science is not consensus around a theoretical paradigm” (like the one proposed by Collins as the last word) “but concern for practical problems in the world” (377). “Social science is not cumulative, and we still have much to learn from the ancients” (380).

If we understand that “in the social sciences we study the same kinds of beings that we are” (376), we cannot put ourselves outside or above what we study, and “we can undertake our inquiry only by continuing our dialogue with those we study and relative to whom we are as much students as teachers” (377). “If social science is to be practical in (the) classic sense of the word, it means something very different from technological application on the model of the natural sciences. It means, above all, the participation of the social scientist in the process of self-understanding” (378).

Where Bellah stands:

- Considering social science as practical science, he sees ethical and cognitive issues intertwined.
- Understands moral issues as being concerned with ethical values: what is good.

- His focus is double: the object of research (ethical values such as community, responsibility, etc.) and the relationship between the scientist and the object of study (the same social matrix).
- Strategy for dealing with the topic: exposing what already exists in social thought, starting from the ancients.

Albert Hirschman on Morality

The contribution of Hirschman to this episode is highly meaningful. In a single essay, notably entitled “Morality and the social sciences: a durable tension”, Hirschman completes the journey between the two strategies of combination envisaged by Bellah et al.: from admitting that morality could exist in disguise, to advocating a new social science based on the interconnection between “proving and preaching” – that is to say, keeping the tension open between analysis and moral commitment, in consonance with the thought of his colleague and friend Geertz.

The story of this article goes back to the Berkeley seminar promoted by Bellah. Initially Hirschman was uncertain whether, and how, to attend the seminar²⁸; in the end he did participate, and spoke about “shifting involvements”²⁹, the oscillation between the pursuit of happiness through consumption (private life), subsequent disappointment and enthusiasm for public action, and renewed disappointment

²⁸ At that time Hirschman was highly concerned with moral issues, especially with reference to events prompted by Latin American dictatorships. See the notes on *Universities and Human Rights* written for the American Academy of Social Sciences.

²⁹ Hirschman was at the time preparing a book under the title of “Private happiness vs. public happiness”, that later on saw the light as *Shifting involvements* (Hirschman, 1982). A reminiscence of the original title is found in the Italian translation, called *Felicità privata e felicità pubblica* (Il Mulino, 1983).

and a return to the private sphere: a way of looking at the meaning people attribute to their actions (“the fact that man is reflective, in addition to other things, means that there is a possibility of changing tastes”). In a comment to the seminar (*Remarks on the Berkeley Conference*³⁰) he justifies his remarks there by claiming that his way of treating shifting involvements allows a more attractive way of viewing man than as the usual *homo economicus* maximizer, and provides a “moral in disguise”. Bellah – who was familiar with Hirschman’s intellectual and practical experience³¹ – liked what he had to say, and asked him to write “a kind of autobiographical reflection of the moral implications of your own work over a fairly extended period of time”³².

Hirschman did not follow this suggestion literally, but – as usual having in mind his economist colleagues, trapped within their models³³ – started thinking about how the theme of morality fared within economic theory and social science in general: here again he found oscillations and turning points. Then he prepared a lecture³⁴ that later became the article “Morality and the Social Sciences: a Durable Tension”, published both in the anthology on the Berkeley seminar (Haan et al. 1983) and in his *Essays in Trespassing. Economics to Politics and Beyond* (1981)³⁵. Here he develops his argument in three steps.

³⁰ Hirschman Archives, Box 8, folder 7.

³¹ Bellah was certainly thinking of the motivations behind some of Hirschman’s writings, such as *National Power and the Structure of Foreign Trade*, or *Exit, Voice, and Loyalty*.

³² Letter of April 24, 1980.

³³ A similar critique of restricted economic models, and the need to enlarge the economic perspective, can be found in Mc Pherson’s (1983) chapter in the same book.

³⁴ Given on the occasion of receiving the Frank E. Seidman Distinguished Award in Political Economy at Memphis, Tennessee (25th September 1980).

³⁵ In a letter to Walter Lippincot, publisher at Cambridge University Press, Hirschman says that this article “makes a good ending for the book, and justifies (along with other pieces) the slightly pretentious ‘and beyond’ of the subtitle” (Hirschman Archives, box 58, folder 10). In a similar vein, Hirschman suggested as the title of a collection of his

First, he analyzes how social science evolved through an anti-moralist stance based on the purported incompatibility between moralizing and analytical-scientific activity, the “separation between heart and head (brains)” (23). To this end, he follows two paths which, in a note entitled *Moral and amoral thinking in economics*³⁶, written in preparation for the article, he labeled “history” and “epistemology”, respectively.

The history of social thought refers to the “amoral birth-mark of social science”, when social science emerged through a separation from morality: Machiavelli, Mandeville, Smith. According to this view, society is kept together not by love or benevolence but by interest.

The epistemology of social thought refers to the fact that social science advances through new discoveries that are counterintuitive, shocking: “affirming the hidden rationality of the seemingly irrational, defending as moral or useful or at least innocent social behavior that is widely considered to be reprehensible” (1983, 24). This trend is clearly recognizable in what he calls “the paradox of amorality”, the “‘imperialist’ expeditions of economics into areas of social life outside the traditional domain of economics”, whereby “criminals, lovers, parents, bureaucrats or voters were all found to be busily ‘maximizing under constraints’” (25).

Second, he recognizes that there is a recent “resurgence” of morality, acknowledging the need for moral behavior in order to make society work: this is morality in disguise, meant to correct some of the limits of economic theory. In micro-

essays that appeared in Italian and included this article, “L’economia politica come scienza morale e sociale” (ed. by Luca Meldolesi, Liguori, Napoli, 1984).

³⁶ Hirschman Archives, box 8, folder 9.

economics, the need to correct certain forms of market failures is met by adherence to a code of professional ethics, or by recognition of the importance of trust over self-interest (26); in macro-economics, there is a need for forms of benevolence in the relationships between social classes in order to overcome inflation (27).

In introducing the idea of morality in disguise, Hirschman goes back to the “trained incapacity” (Veblen) of social scientists, which Geertz had in mind as well: “when one has been groomed as a ‘scientist’ it takes a great deal of wrestling with oneself before one will admit that moral considerations of human solidarity can effectively interfere with those hieratic, impersonal forces of supply and demand” (30). Therefore, given the difficulty of reconciling moralizing and analytical understanding, “one effective way for social scientists to bring moral concerns into their work is to do so unconsciously” (Hirschman, 1983: 31), as he himself had done while writing EVL.³⁷

In the *Remarks on the Berkeley Conference* he had gone even further:

“I tend to think, in general, that moralizing social science is going to be successful to the extent that it adopts this sort of *disguise*. This is one way of reformulating the Weberian doctrine of *Wertfreiheit*, and is also the way we can have the best of both worlds: continue to enjoy the democratic benefits of the contention that social science must be positive and value free and yet smuggle in, as it were,

³⁷ This is a reference to the introduction to the German edition of EVL.

some strong moral messages³⁸. I do not pretend that this is the only way of incorporating moral judgments into social science; just that it is worthwhile to think not only *what* are the moral considerations that belong to the field, but also *how* they should be marshalled. Perhaps it is in this case that, like happiness, morality in the social sciences eludes a direct quest”.

In the note on *Moral and amoral thinking* there is a passage where he praises the merits of morality in disguise that was not reproduced in the article: “amoral myopia keeps us from noticing allied phenomena”³⁹. What follows is a list of his own discoveries:

- The tunnel effect: “mistaken for the opposite of envy when it is actually info effect”. Elsewhere⁴⁰ he had praised the hopeful merit of the tunnel effect: he had written that sociologists had given too much attention to relative deprivation, without thinking of the tunnel effect.
- Voice : “means bringing in face-to-face relations with love and hate as opposed to anonymous exit”
- “Relational exchange”: this is a reference to the presentation of Carol Gilligan at the Berkeley Conference, in which she had criticized the mainstream theory of moral development for being based only on a (male) ethic of

³⁸ This would resemble Bellah’s interpretation of Weber.

³⁹ In *Remarks on the Berkeley Conference*: “my contention that I explain more than they do”, e.g. by introducing “disappointment” in consumption theory.

⁴⁰ Letter to Claus Offe, of 15 September 1988 (Hirschman Archives, box 5, folder 16).

fairness and rights and having eclipsed a morality of responsibility and care, and had instead advocated a personality that included both characters⁴¹.

- “Fusion of striving and attaining: these activities get neglected by economists who need cost-benefit split”.

This may refer to:

- o shifting involvements: change in attitude that is internally driven, not exogenous;
- o passions and interests: “Man is not the rational actor of the economist, but a blundering idealist, someone with interests and passions” (in *Remarks on Berkeley*).

One reason for bringing moral concerns in unconsciously is that “it seems (...) impractical and possibly even counterproductive to issue guidelines to social scientists on how to incorporate morality into their scientific pursuits” (31), for the very reason that “morality (...) belongs in the center of our work”, and only if “social scientist are morally alive and make themselves vulnerable to moral concerns (...) they will produce morally significant works, consciously or otherwise.” (31)

This admission brings him to the third step, an abrupt rise toward a “more ambitious, and probably utopian thought”, in which Hirschman imagines

“a kind of social science that would be very different from the one most of us have been practicing: a moral-social science where moral considerations are not repressed or

⁴¹ See chapter by Gilligan in Haan et al. (1983). See also his presentation of Gilligan (Hirschman Archives, box 55, folder 5).

kept apart but are systematically commingled with analytic argument without guilt feelings over any lack of integration; where the transition from preaching to proving and back again is performed frequently and with ease; and where moral considerations need no longer be smuggled in surreptitiously nor expressed unconsciously but are displayed openly and disarmingly. Such would be, in part, my dream for a ‘social science for our grandchildren’”.

Was it a hint at a future self-subversion?⁴² The author (Hirschman) as a moral agent?

Where Hirschman stands:

- Believes that morality belongs at the center of our work.
- Deals with people’s behavior and its meaning. Understands even his own feelings about moral issues (guilt feeling for leaving Germany in 1933).
- Main topic tackled. The object of research: shifting involvements, exit and voice, passions and interests. Then, his own attitude: self-subversion.
- Strategy for dealing with the topic: keeping the tension open: preaching and proving.

⁴² Self-subversion, which Hirschman theorized about in the later book *A Propensity for Self-subversion* (1995), means critical reflection on his own ideas and writings. He had already done it with regard to *National Power and the Structure of Foreign Trade* (in “Beyond asymmetry: critical notes on myself as a young man and some other old friends”, 1978). In the morality article he does it for the first time within a single article, in a way similar to what he would later do within a single book, *The Rhetoric of Reaction*. Finally, in *A Propensity*, he would use the same approach for all his main books (with the exception of *The Passions and the Interests*) but not his articles. Thanks to Luca Meldolesi for this note.

Charles Anderson on Morality

At that time, even within policy analysis one could find voices arguing for the enlargement of the field of interest of the discipline based on ethical principles. Charles Anderson, a political scientist expert in Latin America, from whom Hirschman (1963) had borrowed the idea of “reform-mongering”, had just written the article “The place of principles in policy analysis”, which Hirschman praised in the following words: “It is a rather eloquent statement arguing that policy analysis cannot just take policymakers’ preferences as given, as though they were consumer tastes, but must inquire into moral principles such as justice. The fact that this paper was published as lead article in an ordinarily staunchly positivist journal (the *American Political Science Review*) is highly significant”⁴³.

Anderson criticized contemporary theories – those that had directly influenced “evaluations with a positivist approach” – that reduced political evaluation to a mere “technical appraisal of the impact of public programs” (1979, p.711). According to these theories “values cannot be justified in terms of objective criteria. Hence they must be regarded as ‘preferences’ on the part of the policy maker. ‘Technical’ or ‘rational’ policy analysis can only begin once relevant values have been stipulated” (1979: 712). Anderson, on the contrary, considered policy evaluation as “the process of making deliberate judgments on the worth of proposals for public action” (1979: 711). Criticizing the instrumental conception of rationality, he stated that

⁴³ Letter to Norma Haan of January 7, 1980 (Hirschman Archives, box 8, folder 6) in which Hirschman asked whether there was a possibility of inviting Anderson to the seminar.

“to be regarded as ‘reasonable’ a policy recommendation must be justified as lawful, it must be plausibly argued that it is equitable and that it entails an efficient use of resources” (1979: 712-3). To do so, it must be based on “a repertoire of basic concepts including authority, the public interest, rights, justice, equality and efficiency (which) as standards of policy evaluation (...) are not simply preferences. They are, in some sense, *obligatory* criteria of political judgment” (1979: 713).

It is remarkable how a scholar like Anderson – contrary to the many academicians who aim at colonizing a lesser research sector such as evaluation with their methodologies – shows a genuine interest in the world of evaluation, where at least a few authors (Scriven, House, Schwandt) have had a similar concern for bringing morality into their own field.

Where Anderson stands:

- Asserts centrality of ethical principles in policy analysis.
- Deals with ethical values, such as public interest, autonomy, rights, justice.
- Main topic tackled: the object of research: recommendations must rest on basic concepts, not accepting that policy goals are preferences.
- Strategy for dealing with the topic: keeping open the opposition between the concept of instrumental rationality in policy studies and the principled criteria of public interest.

A framework for morality in social science

The contributions we have considered come from four authors reasoning about the relationship between morality and social science from within their own disciplinary domains. For all of them, the strategy for overcoming the dichotomy combined undermining some tenets of their discipline from within, and enlarging the boundaries of that same discipline.

Bellah and Anderson, looking from the perspective of “ancient” disciplines such as Aristotelian social inquiry (Bellah) or political science (Anderson), reclaimed continuity with an old tradition where morality was a legitimate topic of research. Geertz and Hirschman, from the position of the “modern” social sciences, aimed at the inconsistencies of the “amoral” perspective in the sciences of man, and proposed to keep the tension open between the two poles of morality and analysis: “analyzing with commitment” for Geertz, “preaching and proving” for Hirschman.

Each of them identified some form of morality at the center of social research, whether it referred to people’s behavior, to principles governing society, or to the relationship between the researcher and his/her object of study. The strategies proposed for making it evident reflected the theoretical position of each thinker, showing how deep the link was in their own mind, and the originality of each contribution.

At the same time, there are striking affinities. Geertz and Hirschman hinted at the “trained incapacity” of the social scientist, and looked for stratagems to overcome it. Bellah and Hirschman recognized that moral issues entered social

research in disguise. Bellah and Anderson rejected an instrumental use of policy analysis. Hirschman and Anderson criticized the idea that moral values could be considered as customers' or politicians' preferences, not to be subject to social analysis.

What is interesting in this exercise is the breadth of arguments that can be brought to the task.

Morality can enter social science because it is a trait of people's behavior, and as such it is the object of social science. Geertz looks at the meaning people attribute to their acts when facing ethical dilemmas. Hirschman looks at how people reflect about their enthusiasm or disappointment regarding public or private life. Bellah is interested in the way people move between the general social tradition and the tradition of social thought.

Morality can also come in because of the very nature of social research, where the scientist and the object of study belong to the same social matrix (Bellah). This can be expressed by the irony of the asymmetrical relationship between the anthropologist and the informer, analyzed by Geertz, and by the introspection by which Hirschman reflects on his way of addressing the topic of exit vs. voice.

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Development

Michele Alacevich

Albert Hirschman's approach of observation in "Development Projects Observed"⁴⁴

The research that resulted in Hirschman's 1967 book, *Development Projects Observed*⁴⁵, rested on the same methodological approach that he had worked out in *Journeys toward Progress*. Although the book does not contain the stories of the individual projects studied by Hirschman, the research had an "intensive concern with 'cases'" and all the projects considered had "an extended history". "Immersion in the particular," Hirschman claimed, "proved (...) essential for the catching of anything general" (Hirschman 1967, p. 3).

The book was the result of Hirschman's collaboration with the World Bank, Brookings Institution, the Ford Foundation and the Carnegie Corporation to study some general elements of project appraisal, or, as he put it, "to explore in detail the direct effects as well as the broad repercussions of a project on economy and society" and to reach "some improvements in the process of project evaluation and selection"⁴⁶. An additional purpose, after two books exclusively based on Latin American cases, was for Hirschman

⁴⁴ Excerpts from the paper "Albert Hirschman, Development Economics, and the Social Sciences" that has been distributed to the participants ahead of the Conference. See www.colornihirschman.org/first-conference-on-albert-hirschman-legacy.

⁴⁵ Hirschman A.O. (1967), *Development Projects Observed*, Washington, DC: The Brookings Institution Press

⁴⁶ Albert O. Hirschman, "A study of completed investment projects which have received financial support from the World Bank", June 1963, World Bank Hirschman Folders,

to broaden his expertise to Asia and Africa.

Hirschman selected thirteen World Bank projects and travelled to Latin America, Asia, Southern Europe and Africa between July 1964 and August 1965 to study them in detail. Bank officers were enthusiastic: “Probably for the first time”, remarked a senior economist, “the contemporary theory and practice of project appraisal in infra-structure will be subjected to a systematic *ex-post* methodological scrutiny on a wide basis”⁴⁷. This was all the more important, since the World Bank had not yet established an internal and independent evaluation function.

Back from his travels, Hirschman circulated a memo with some preliminary observations. These focused on what he called “Behavioral characteristics of development projects in different sectors”. As he put it: “having learnt in fairly rapid succession about a wide variety of projects, I became alerted to the characteristic advantages or handicaps under which power projects, say, proceed as compared to irrigation projects”⁴⁸.

The principal aim of Hirschman’s interim observations was clearly methodological. Far from addressing questions such as the economic return of World Bank loans, or the traditional distinctions of, say, infrastructure vs. agricultural and

Vol. 1, WBG. This and the following documents are discussed more in detail in Alacevich 2014. For a discussion of the birth of an evaluation function at the Bank and of Hirschman’s role (or lack thereof) in this process, see Alacevich 2014; 2015; and 2017.

⁴⁷ Dragoslav Avramovic to Department Heads, IBRD and IFC, “Investment in Developing Countries – Effects, Expectations and Reality”, February 18, 1964, World Bank Hirschman Folders, Vol. 1, WBG.

⁴⁸ Albert O. Hirschman, “A Study of Selected World Bank Projects – Some Interim Observations,” August 1965, World Bank Hirschman Folders, Vol. 1, WBG.

industrial projects, or human vs. physical capital, Hirschman focused on questions such as the degree of uncertainty in a project: “the element of the unknown, the uncertain and the unexpected which deflects projects from the originally chartered course is considerable in all projects. But it is far more important in some projects than in others and it may be of interest to the Bank to gain an approximate idea about the principal determinants of this uncertainty”⁴⁹. Among these determinants, Hirschman listed the existence of visible linkages between the project’s new supply and local demand, and the influence of social and political variables. In addition, Hirschman discussed the difficulty of calculating benefits and measuring results in several types of projects. This change in perspective called for a corresponding change in the Bank’s behavior. The Bank, Hirschman wrote, should avoid the “air of pat certainty” that emanated from the prospects of new projects and expose instead the uncertainties underlying them. Moreover, the Bank should take into account the distributional and the social and political effects of its lending. Focusing only on the technical merits of a project, Hirschman concluded, was not enough⁵⁰.

It is no wonder that Bank staff, initially delighted when Hirschman started his study, was instead upset when those first observations were circulated. The final outcome of Hirschman’s research, his 1967 book *Development Projects Observed*, did not help defuse tensions. In it, Hirschman focused on the side effects of projects, and described project appraisal as the art of visualizing them. In his definition,

⁴⁹ *Ibid.*

⁵⁰ *Ibid.*

side effects were not just “secondary effects”: they were “inputs essential to the realization of the project’s principal effect and purpose”. They were equally essential for the project to mature into a long-lived endeavor (Hirschman 1967, p. 161). What was the difference, for instance, between a highway project and a railway one? A side-effect of investment in highways is that it develops the heavy motor vehicle industry and thus enhances entrepreneurship. But “entrepreneurship means political power, which in turn means the ability to change the rules of the transportation game decisively in favor of the highways” (Hirschman 1967, p. 162). An apparently secondary effect, in other words, may become a decisive element for the future of transportation policies in a given country.

Cost-benefit analysis, which in those years was becoming increasingly fashionable, seemed to Hirschman an excessively rigid process, hampered by too many arbitrary assumptions. The search for a yardstick to rank potential projects was, according to Hirschman, a futile exercise. “How could it be expected,” he wondered, “that it is possible to rank development projects along a single scale by amalgamating all their varied dimensions into a single index when far simpler, everyday choices require the use of individual or collective judgment in the weighing of alternative objectives and in the trade-off between them”? (Hirschman 1967, p. 179). Hirschman was suspicious of cost-benefit analysis because he thought its allegedly “scientific” index offered no useful tools for better policy-making. “Each project”, Hirschman remarked, “turns out to represent a *unique constellation* of experiences and consequences, of direct and indirect effects. This uniqueness in turn results from the varied interplay between the structural characteristics of

projects, on the one hand, and the social and political environment, on the other” (Hirschman 1967, p. 186, emphasis in the original). Uncertainties and latitude (if and how a project can be turned in one direction or another regardless of outside occurrences) condition a project’s functioning and outcome and they must be at the center of the appraisal exercise.

As interesting and stimulating as Hirschman’s approach was, it offered few elements for World Bank officers to make project appraisal operational. In particular, it was difficult for them to see how Hirschman’s analysis could be embedded in the organizational routines for internal evaluation. As a World Bank senior manager put it, the book “is well written and contains a number of interesting observations. But by and large it does not contain any operationally useful analysis of the merits and priority of the particular projects observed by Professor Hirschman or of the kind of reshaping or rethinking of the projects which might have made them better. In short, I for one gained no significant new insights into the process of project preparation and evaluation”⁵¹.

Hirschman’s attempt to establish a qualitative approach to project appraisal was based on detailed historical reconstruction of the “personal profiles” of projects as well as their larger political and social context. It aimed at underscoring “the element of the unknown, the uncertain and the unexpected,” as Hirschman put it, in order to understand

⁵¹ Richard H. Demuth to Mr. Robert E. Asher, September 13, 1966, World Bank Hirschman Folders, Vol. 2, WBG.A.

what caused projects to change direction from their originally charted course. Finally, the goal was to assess the broader political, social and economic impact of a project.

Hirschman's approach to project appraisal was a natural evolution of his previous work, which had underscored his increasing distance from the early debates in development theories. The "failure of several of the earlier ideas as *practical* policy solutions," as Tony Killick put it (Killick 1978⁵², p. 27, italics in the original), prompted Hirschman's detailed examination of the mechanisms of economic policy-making in *Journeys* and project appraisal in *Development Projects Observed*. But while Hirschman and the World Bank had agreed on what was needed, they ultimately disagreed on how to meet this need. Hirschman tried to transform the Bank's approach to project design, management and appraisal. The Bank, instead, expected Hirschman to make project design and management somehow more measurable, predictable and scalable. World Bank officers asked Hirschman to collaborate on an operational version of his book, but this ultimately did not see the light, primarily because of Hirschman's lack of interest in the project⁵³.

When, a few years later, the World Bank established an Operations Evaluations function, Hirschman's work was vir-

⁵² Killick, Tony (1978), *Development Economics in Action. A Study of Economic Policies in Ghana*, New York: St. Martin's Press.

⁵³ Herman G. van der Tak to Professor Albert O. Hirschman, December 20, 1966, World Bank Hirschman Folders, Vol. 2, WBGA; Herman G. van der Tak to Professor Albert O. Hirschman, January 18, World Bank Hirschman Folders, Vol. 2, WBGA; Albert O. Hirschman to Mr. Alexander Stevenson, May 1, 1967, World Bank Hirschman Folders, Vol. 2, WBGA; Alexander Stevenson to Professor Albert O. Hirschman, May 18, 1967, World Bank Hirschman Folders, Vol. 2, WBGA.

tually forgotten. Project appraisal and evaluation was solidly based on the cost-benefit analysis approach pioneered in the 1920s and 1930s for water-resources development and public investment activities and further developed in the 1960s and 1970s by a new wave of studies, such as those by Ian M. D. Little and James A. Mirrlees for the Organisation for Economic Co-operation and Development⁵⁴ by Partha Dasgupta, Steven Marglin and Amartya Sen for the United Nations Industrial Development Organization⁵⁵. Although these studies did not ignore the role of uncertainty in project design and appraisal, in practical matters they tended to conflate this term with what is usually meant by “risk”, that is, something subject to measurement. Hirschman, instead, following the dichotomy between “risk” and “uncertainty” put forth by Frank Knight, considered uncertainty impossible to measure. As he wrote in the early 1960s, “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” (Hirschman and Lindblom 1971 [1962], pp. 83-84)⁵⁶.

Hirschman, in sum, recognized that the uncertainty intrinsic in the nature of development projects constituted an unavoidable question, to be addressed on a case by case basis.

⁵⁴ Little, Ian M. D. and James A. Mirrlees (1968), *Manual of Industrial Project Analysis in Developing Countries*, Vol. II, Social Cost Benefit Analysis, Paris: Development Centre of the Organisation for Economic Co-operation and Development.

⁵⁵ Dasgupta, Partha, Stephen A. Marglin and Amartya K. Sen (1972), *Guidelines for Project Evaluation*, New York: United Nations.

⁵⁶ Hirschman, Albert O. and Charles E. Lindblom (1971 [1962]), “Economic Development, Research and Development, Policy-Making: Some Converging Views”, in Albert O. Hirschman, *A Bias for Hope. Essays on Development and Latin America*, New Haven: Yale University Press, 1971.

Accordingly, he refrained from recommending all-encompassing appraisal criteria. Rather, as he put it, his attempt was “to provide project planners and operators with a large set of glasses with which to discern probable lines of project behavior, in the expectation that the analysis of each individual project would require different and rather limited subsets of the full set of glasses which has been exhibited” (Hirschman 1967, p. 186).

Kevin Gallagher

Hirschman's Contribution to Development Economics and Policy

I have known Albert Hirschman since my early days, because he was an adviser on my dissertation. At the moment I direct the recently founded Global Development Policy Center here at the Pardee School of Boston University. Our mission is to foster policies on financial stability, human well-being and environmental sustainability across the globe. We will have a very Hirschmanian approach which is, first of all, field based. We will engage with the countries that we are doing work in, and collaborate with other people in those countries who actually know more than the people who fly in for six weeks or even a year. This is a core part of Hirschman's approach on research and policy. And doing rigorous academic work, which he of course did. But then also taking the extra step to bring that work back into the policy arena, engaging with policy-makers and talk about it.

One thing I think the historians have not got right is that they think Hirschman has been neglected in economics and more broadly in development studies. He did have an impact on main-stream economics – at least on two future Nobel Price winners. And in the world of political economy and development studies he has been one of the most important thinkers. And not just for *Exit, Voice, and Loyalty* but obviously for the particular strand of literature of which that is the core piece. *National Power and the Structure of*

Foreign Trade and *The Strategy of Economic Development* had a much deeper set of contributions than the literature on his neglect had implied. But it is true that Albert Hirschman's approach has been neglected until recently. Because Hirschman and his peers had an "inductive" approach on economic policy and economic research.

They went to the places, they engaged and embedded themselves in the communities they were in and actually lived there without preconceived notions on how these economies worked. Hirschman, Triffin, Lewis, Prebisch, Rosenstein-Rodan, Gerschenkron all these folks went out in the field while here in the West there was a massive debate on the Keynesian revolution, Keynes vs. Hayek, Keynes vs. classical economics. They knew that where they were was different. They knew that what was debated here was important, but was part of a different context - especially that of financial stability and economic growth in the North. There is so much of that can travel. Obviously they did not put those ideas out of their head. But they were looking more inductively at what was going on. And they did not built theories until they came home.

They came up here. Rosenstein-Rodan was the Chair of the Economic Department of the Boston University. We had a school of that kind of economic development for a long time. Since Stevenson did not win the elections and US foreign policy did not go in for development, there was not great market for Triffin, Hirschman, Rosenstein-Rodan, Gerschenkron. But then things changed and they went up here and built their theories. They talked a lot and fought each other over their differences. But when you step back and look at the history of development thought, you realize

that it is an insider debate. It is part of a general set of observations that they all made: that something generally should be changed about the structure of an economy. You cannot have a modern commodity-based economy. You cannot have a solely peasant-based economy. Something needs to change. Let us find what it is...

Social Learning and the World Bank⁵⁷

Introduction

How should we think about Hirschman's legacy for development practice? Those of us who earn our livings designing, supervising and occasionally writing about development projects often feel ourselves subject to the pull of two conflicting intellectual tendencies. On the one hand, we are faced with clear evidence that, in important respects, things are getting better – especially with respect to basic living conditions⁵⁸. On the other, we are aware of a consensus that feasible development options vary across countries and over time and that the confidence which existed two decades ago around the conditions required for economic growth has dissipated. The challenge then, as a leading practitioner puts it, is to 'find an orienting framework that can fill the gap between hubris on the one hand and despair disguised as humility on the other'⁵⁹. What is required is less a set of prescriptions than *support* for a process of structured, cumulative experimentation that admits the existence of uncertainty, but at the same time acknowledges and builds on existing knowledge⁶⁰. In this context, Hirschmanian themes of

⁵⁷ Paper distributed to the participants ahead of the Conference. See www.colornihirschman.org/first-conference-on-albert-hirschman-legacy.

⁵⁸ See, inter alia, Kenny Charles. *Getting Better: Why Global Development is Succeeding and How We Can Improve the World Even More*. 2012

⁵⁹ Levy Brian, *Working With The Grain: Integrating Governance and Growth in Development Strategies*. Oxford: Oxford University Press. 2014, p. 8.

⁶⁰ 'The case for agnosticism (...) has three steps: that feasible options vary across countries and over time; that, over the short to medium run, the resulting choices can widen

social learning continue to be of relevance.

Defining the problem

Achieving structural change in the long-run growth of an economy requires that a wide range of market failures and government failures be addressed, over time, across multiple sectors. Human capital must be built; infrastructure must be designed and constructed; access to finance must be enabled; technology must be transferred. A broad base of firms must come into existence; must discover true costs of production; must acquire capabilities; and must move toward the global quality frontier. Policy instruments that support firms in accomplishing these tasks must also discipline them, so that the most productive firms expand. Similar considerations apply to many other forms of public goods provision.

This is a daunting challenge. It is also a dynamic process. In an ideal world, policy-makers would evaluate the social returns on public investments in physical, human and knowledge capital and calibrate supply to the point at which returns on each are equalized. In practice, with some exceptions, no actor has a panoramic view of the economy or knowledge of the distortions the public sector is supposed to correct (Kuznetsov and Sabel 2011)⁶¹. Instead the best that can be hoped for is a process of interaction or boot-strapping in which adjustments are made and some equilibration between demand and supply is

divergence in patterns of governance across countries; but that, over the long run, the power of cumulative causation can lead to convergence.' (Levy, quoted, p. 210)

⁶¹ Kuznetsov Yevgeny and Sabel Charles. *New Open Economy Industrial Policy: Making Choices without Picking Winners*. The World Bank, PREM Notes, September 2011, Number 161.

achieved. This is consistent with an incrementalist understanding of development in which successful countries begin with simple and then move to more complex tasks, building the capacity to implement them as they go.

How should we think about such a process? The closest analogy is ‘social learning,’ in which performance is ratcheted up over time through trial and error, or as an evolutionary system in which there is variation or mutation to extend the range of possibilities, selection on some criterion of efficiency (‘what works’) and replication of selected variants (‘scaling up’). This requires a control or error-detection mechanism, defined as a set of institutions imposing discipline on public goods provision (Amsden 2001)⁶². It also requires a ‘sensor’ to detect and define the macro-context of the process to be disciplined, an ‘assessor’ to benchmark performance against objectives, an ‘effector’ to trigger behavioral changes on both public and private agents involved in the process and a communications network to ensure a transparent information flow. The key question is what institutional form these might take.

Why might learning not occur?

Why might this learning not occur? First, it might be that the system of policy-making fails to generate alternatives to the status quo. This could be because insufficient connections to the outside world exist to allow the inward diffusion of new ideas, or because of excessive bureaucratic centralization. Second, it might be that viable alternatives exist and are known of, but are not selected. This might be because they are not in the interests

⁶² Amsden Alice. *The Rise of the Rest. Challenges to the West from late-industrializing economies*. Oxford University Press. 2001.

of those actors, private or public, with veto power over the selection process – particularly in the case of ‘market interventions’, such as subsidies or trade protection whose benefits, unlike pure public goods, can be appropriated by individual firms or groups of firms.

But it might also be that there is insufficient information about the costs or benefits of interventions or that the connection between program evaluation and the setting of budget priorities is not properly articulated⁶³. Robust evaluations are difficult, time-consuming and expensive. Finally, there is a scaling problem. Learning requires effort and people’s intrinsic motivation to engage in it tends to be unsustainable. Also, much of the knowledge required to implement policy effectively is tacit, in the sense that it is much more easily transferred via direct personal contact among practitioners than through documents⁶⁴.

	Possible explanations	Possible remedies
Failure to generate alternatives	Intellectual rigidity; bureaucratic hierarchy; interest-based capture	Decentralize problem-solving; specify ends not means
Failure to select	Opacity of outcomes; interest-based capture; misalignment of cycles	Ensure ex ante transparency of objectives; require risk-sharing
Failure to replicate	Inadequate capacity or financial resources	Draw on diasporas; build capacity & networks

⁶³ For these reasons, even in OECD countries, ‘ex-post evaluations tend not to feed back (...) into policy-making – they feed back into better implementation and, more rarely, budget decisions’.

⁶⁴ Clusters of firms often engage in labor pooling to preserve the physical proximity and specialized knowledge of workers even when low demand may not allow them to hire (Criscuolo, Alberto. *Driving Growth: How did Botswana, Mauritius, Cape Verde, and Taiwan overcome institutional capacity constraints?* Mimeo 2007). It is also why firms with high returns to learning such as high-end professional services invest significantly in electronic networks to connect people (Jordan Luke. *Backbone Organization. International Examples*. Powerpoint presentation, The World Bank 2012).

Serial versus parallel experimentation

Experimentation can take place either in series or in parallel. Serial experimentation is akin to a depth-first search strategy, in which a smaller number of promising leads are pursued, while parallel experimentation emphasizes breadth first, pursuing multiple leads at the same time (Ellerman 2004)⁶⁵. A similar distinction exists in biology between reproductive strategies that emphasize the quantity of offspring, pursued by organisms that have little control over their progeny's chances of survival, and those that invest in a smaller number of offspring and in which the parents have greater influence over the environment in which those offspring are reared. In research terms, the former would be represented by a single large research laboratory; the latter by a community of scientific researchers, working in small semi-independent groups but transmitting findings rapidly through the literature and ratcheting up a common base of knowledge.

The pros and cons of these strategies depend on various factors (Nelson 1961)⁶⁶. On the one hand, running multiple simultaneous research and development efforts might appear wasteful of resources; on the other, there may be significant uncertainty over the nature and cost of the best way to reach an objective, particularly at early stages of an investigation or research effort⁶⁷. Which is more efficient de-

⁶⁵ Ellerman, David. *Parallel Experimentation: A Basic Scheme for Dynamic Efficiency*. Mimeo. 2004.

⁶⁶ Nelson Richard R. "Uncertainty, Learning and the Economics of Parallel Research and Development Efforts". *Review of Economics and Statistics*. 43 (November). 1961.

⁶⁷ As Jane Jacobs put it, 'Development work is a messy, time-, and energy-consuming business of trial, error and failure. The only certainties in it are trial and error (...). Indeed, development work is inherently so chancy that by the law of averages, chances of success

depends on the degree to which the solution is known in advance. When a high degree of confidence exists, it may be appropriate to focus on ‘delivery’ through the hierarchical imposition of discipline. At the same time, such an approach risks what in statistical terms would be categorized as a Type I error – rejecting a true null hypothesis by narrowing the scope of search prematurely. When the degree of certainty is less, it may be more appropriate to take a broader approach. But this then risks the incurring an error of a different sort – a Type II error – by failing to reject a series of false null hypotheses.

These considerations have some relevance for the structuring of development projects, which must decide whether to intervene ‘wholesale,’ i.e. with a larger number of beneficiaries but indirectly via some central agency, or ‘retail,’ by working more closely with a smaller number of beneficiaries. At the same time, their importance should not be overstated. Factors other than efficiency, such as equity and monitoring costs, must also be weighed in deciding how to allocate development assistance; also, the parallel between engineering and institutional solutions is at best inexact. Institutional solutions are likely to be replicable only in proportion to the degree of similarity in starting conditions across units.

Experimentalist governance

Both serial and parallel experimentation require an organizing structure. Experience suggests that such a structure

are greatly improved if there is much duplication of effort.’ (Jacobs Jane. *The Economy of Cities*. New York: Random House. 1969).

consists of three stages, linked in an iterative cycle. First, broad framework goals and metrics for gauging their achievement are provisionally established by some combination of ‘central’ and ‘sector’ units⁶⁸. These criteria should be derived from policy objectives and public interest requirements and not technical solutions, though the targets they embody must reflect the involvement of technical staff if they are to be achievable⁶⁹. Second, sector units are given broad discretion to pursue these goals in their own way⁷⁰, allowing for decentralized problem solving. The aim is to allow space for innovative technical designs and operational practices to be introduced on the initiative of project managers – analogous to the open call for proposals that distinguishes private innovation competitions⁷¹. Third, and as a condition of this autonomy, these units must report regularly on their performance and participate in a peer review of progress⁷². This should include an accounting of all public funds spent on interventions. The review may lead to adjustments in the specification of objectives and provide agents with opportunities to learn from each other⁷³.

⁶⁸ Sabel Charles and Zeitlin Jonathan. “Experimentalist Governance”. In David Levi-Faur (ed.), *The Oxford Handbook of Governance* (2011), p. 3.

⁶⁹ ‘The idea that a strategy can be brilliant and its execution flawed is simply wrong (...). It misses the fact that everyone, from the top of an organization all the way down to the very bottom, makes choices under constraints and uncertainty, and so it becomes impossible to draw a line above which strategy happens and below which execution does’. (Martin Roger L. “The Execution Trap”. *Harvard Business Review*, July-August 2010, p. 68).

⁷⁰ Sabel and Zeitlin, 2011, quoted, p. 3.

⁷¹ For example, over 120,000 individuals around the world volunteered contributions to the design of Boeing’s 787 Dreamliner airplane (Piller Frank, Vossen Alexander, and Ihl Christoph. “From Social Media to Social Product Development: The Impact of Social Media on Co-Creation of Innovation”. In *Die Unternehmung*, Vol. 65, No. 1, 2012).

⁷² Sabel and Zeitlin, 2011, quoted, p. 4.

⁷³ ‘Oscar Wilde once observed that architects differ from doctors in that they cannot bury their mistakes. Master builders have produced awesome works of art since the dawn of civilization, whereas it took millennia for the medical profession to transcend quackery and superstition’. (Rodwin Lloyd and Donald A. Schon eds. *Rethinking the Development*

Objectives can change in line with an evolving social consensus; it is also legitimate that targets be adjusted to take account of circumstances beyond the control of implementing agencies. At the same time, however, the peer review process can also lead to sanctions for persistent under-performance.

Building the constituent blocks

The effectiveness such a system depends both on the quality of the constituent units (line ministries/agencies, service providers) and the articulation among them. It matters both how common decisions about how to allocate public resources are made (who exercises authority in consultation with whom and on what information) and how the executive agencies are staffed and organized.

The former is generally the responsibility of a ‘backbone’ organization, whose function is to broker between parallel problem-solving attempts between these agencies, monitoring their successes and failures and intermediating information about what works and doesn’t work and to communicate the results to political principals. The most commonly-cited examples include the Economic Development Board in Singapore or MITI in Japan, but a similar role can be played by planning ministries or implementing units within them⁷⁴. Typically these have been relatively small

Experience: Essays Provoked by the Work of Albert O. Hirschman. The Brookings Institution. 1994, p. 213).

⁷⁴ There is a direct parallel with private sector management findings that innovation initiative is best organized as a partnership between a dedicated change management team and a separate group that handles ongoing operations, the so-called performance engine. (Govindarajan Vijay and Trimble Chris, “Stop the Innovation Wars”. *Harvard Business Review*. July-August 2010).

compared to the ‘sector’ units they coordinate, in some cases reflecting the need to concentrate scarce human capital at a point of maximum leverage but also because the sort of knowledge in which they specialize flows more easily from person to person in smaller organizations.

Backbone organizations: functions and examples

Function	Example
Sponsor parallel experiments and help monitor their outcomes.	NDRC in China; EDB in Singapore, MITI in Japan, etc.
Serve as the source of creativity and dissemination of external ideas.	IDR in Mendoza; Pemandu in Malaysia.
Maintain contact with politicians and strategy-setting.	New Deal coordinating agencies in the US; Grand Councils in Europe post-1945.

Source: Jordan 2012⁷⁵

Historical experience suggests that the composition of such backbone organizations or reform teams can differ significantly. They may be ‘elitist’, following their own rules for recruitment, career advancement and remuneration (as in Taiwan) or ‘integrationist’ and subject to general civil service rules (as in Botswana). They be composed largely of in-country nationals or embed foreign technical experts, including in some cases secondees from the World Bank and other donors⁷⁶. However, common features emerge. The most effective backbone organizations have been multi-dis-

⁷⁵ Jordan, 2012, quoted.

⁷⁶ In Mauritius, strategic engagement with foreign experts and technical assistance gained center stage in May 1970, when the World Bank seconded one director and few other expatriates to establish the Economic Planning Unit of the Mauritian Government and formulate the first Five-Year Plan. (Criscuolo Alberto, 2007, quoted).

ciplinary, combining expertise in engineering with economics and other social sciences⁷⁷. They have also kept constant though selective links with external sources of technical expertise, sometimes through units whose sole function is to scan and produce digests of foreign research.

Managing the relations among them

Then there is the management of the relationship between the backbone organization and the executing agencies (or ‘performance engine’). As also emphasized by the literature on strategic management, ‘conflicts between innovation initiatives and ongoing operations are normal and can easily escalate. Managers of the performance engine seek to be efficient, accountable, on time, on budget, and on specifications. An innovation initiative is exactly the opposite: it is, by nature, non-routine and uncertain’⁷⁸. These incompatibilities create an inevitable us-versus-them dynamic. Leaders must counter conflicts by constantly reinforcing a relationship of mutual respect. Antagonizing executing agencies can be disastrous. They are, quite simply, bigger and stronger and will always win in an all-out fight. For this reason, even the best innovation leaders need help from high places. They must be directly supported by political leader-

⁷⁷ This ensured joint recognition of the need to support the development of efficient product and factor markets (advanced by ‘the economists’) with that of acquiring the project execution and manufacturing capabilities to compete internationally (advanced by ‘the engineers’). (Criscuolo Alberto and Palmade Vincent. *Reform Teams. How the Most Successful Reformers Organized Themselves*. The World Bank, FPD Viewpoint Note, February 2008, Number 318).

⁷⁸ Govindarajan and Trimble, 2010, quoted p. 81-82.

ship that can override the short-term interests of line ministries where necessary⁷⁹.

There are several ways of thinking about the relationship among these actors, embodying different combinations of discipline and autonomy. The traditional economic approach conceives of policy implementation as a string of principal agent relationships between taxpayers, politicians, line ministries, service providers and beneficiaries of those services. At one end of the chain are voters or other political constituencies; next come politicians, line ministries, specialized agencies, private service providers; and at the other end are the firms that consume these services to generate employment. Conflicts are regulated by contracts or agreements in which financial and other external incentives align the interests of principals and agents and deter or punish renegeing or shirking. This approach emphasizes the structure of the relationship among those public institutions and private actors involved in the chain of implementation.

A second approach emphasizes the professionalization of civil servants and others responsible for policy implementation. In this view, the principal obstacle to effective implementation lies not in the incompatibility of interests between principals and agents but poor information or uncertainty over the relationship between means and ends. Incentives matter but imposing them from outside can be counter-productive. Instead the emphasis should be creating a sense of calling or 'mission,' and allowing room for

⁷⁹ In the 1970s Botswana addressed this conflict by requiring planning officers to report both to their line ministries and to the Planning Officers Cadre of the Ministry of Finance and Development Planning (Crisuolo Alberto, 2007, quoted).

discretion on the part of work teams subject to their achieving overall performance goals (Tendler 1997)⁸⁰.

A third perspective synthesizes these two approaches and leads us to the notion of ‘diagnostic monitoring’. Unlike conventional monitoring which assumes infallibility on the part of principals, diagnostic monitoring allows that they can err in specifying means and ends and that careful attention to the problems agents face and the accommodations they devise can provide important clues about such error and confusion. But it does not exclude the possibility that agents may fail in their responsibilities. Persistent under-performance, as measured against the achievements of other agents in like position, results in penalties.

Successful models of iterative problem-solving exhibit at least two other characteristics (Jordan and Sabel 2015)⁸¹. First they depend on nested cycles of monitoring, in which successive layers of management reinforce and discipline each other. Typically, these will consist of weekly, monthly, quarterly and annual rounds of review involving increasingly senior levels of management. Second there must be some mechanism for deciding when to escalate decision-making from lower to higher levels of management. The default should be for problems to be resolved at the lowest level possible. But when this does not occur, either because of legitimate differences in opinion or for less justifiable reasons such as information-hoarding or obstinacy, there must be some means of pressuring parties to find a solution. Such a mechanism may take the form of a ‘bumping-up rule’ or credible threat of higher level intervention, with the risk

⁸⁰ Tendler Judith. *Good Government in the Tropics*. Johns Hopkins University Press, 1997.

⁸¹ Jordan Luke and Charles Sabel. *Doing, Learning, Being: Some Lessons Learned from Malaysia's National Transformation Program*; World Bank. 2015.

that uncooperative behavior will be exposed in a professionally damaging way.

Structured agnosticism in World Bank projects

How effective is the World Bank at supporting experimentation? To what extent might it play the role of a backbone organization to its borrowers? In theory, an institution like the World Bank that oversees thousands of projects and employs several hundred research economists should function as a backbone organization par excellence. It is true that the nested monitoring arrangements that distinguish recursive models of institutional decision-making, such as those in PEMANDU, go well beyond the typical bi-annual missions that characterize World Bank project supervision. But an external agent like the World Bank might still play a backstopping role, analogous to that of the highest level of political authority, particularly when disbursement is conditional on results and where these results are defined at a sufficiently 'downstream' level to allow for the emergence of independent technical solutions. As an external agent, it might also find it easier to ensure that local interests are fairly represented or that relevant information is considered in decision-making.

In practice, however, there are structural aspects of the institution that constrain its support for open experimentation. Probably the most salient is the reluctance of its shareholders to delegate authority to management for setting disbursement conditions. This has the effect of stifling the variety of paths (or alternative 'results chains') that borrowers can follow during a project without the need to revert to the Bank for approval: experimentation may still occur, but

it will be strictly bounded. A second factor concerns the institution's inflexible review culture: insufficient allowance is made for the risk or complexity of projects. Instead the same critical machinery is applied to a USD 10 million as to a USD 1 billion investment, even when the purpose of the former is exploratory. A third constraint lies in its reliance on lending as its primary financial instrument. Borrowers are understandably unwilling to take on debt to finance open-ended innovation. Together these mean that Bank may be better suited to supporting the scaling of tested interventions, with adaption to ensure local fit, rather than the early stage innovation more commonly associated with venture capital.

Attempts to encourage learning and adaptation through Bank lending instruments date back at least to the late 1990s and were founded in a recognition that the standard project cycle approach was inadequate for tackling complex or open-ended development challenges. As a 1997 Board Paper put it: 'Many of the urgent problems of development are precisely those which tend to tax the conventional approach the most: more and more we face situations in which knowing *ex ante* what works is not possible. This is particularly the case when decentralized and participatory implementation is the goal, and when the range of possible interventions becomes very large and differs over time.' The so-called strategic compact led to the introduction of two new lending approaches: Adaptable Program Loans (APLs) and Learning and Innovation Loans (LILs).

APLs were conceived as means of structuring a long, large or complex engagement as a series of shorter phases, to allow for adaptation and learning. The Bank's own review in 2012 noted that they could be effective in supporting the

piloting and subsequent scaling-up of interventions, with opportunities for evaluation data to inform the design of follow-up phases; they also contributed to providing a platform for consolidating otherwise disparate policy actions. However, their effectiveness was undermined by the insistence on the use of pre-defined triggers or conditions for moving from one phase to the next. Bank teams also found that because follow-up phases required Board approval, they did not lead to any shortcuts in processing compared to a series of standalone operation. Finally, there was a tendency to overestimate the durability of borrowers' commitments to a single objective across changes of government. In practice the sustained attention required for effective serial experimentation often did not materialize⁸².

An approximation to support for parallel experimentation is to be found in the Bank's lending to municipal governments and in a few other sectors, notably education and health. The design of these projects is quite simple, typically consisting of two components: (i) institutional development through technical assistance and (ii) infrastructure and service provision through financing of physical investments. Sometimes they have introduced a competitive dynamic by making disbursements of funds conditional on some measure of performance, whether defined in terms of minimum conditions or fully scalable targets. The 'performance-based grants' model can take either of two forms: 'retail' in which the Bank works directly with a smaller number of borrowers, generally six or fewer; and, more commonly,

⁸² An attempt to remedy their shortcomings was made in 2017, with the Multiphase Programmatic Approach which was again construed as a means of piloting approaches to test assumptions and fit, with an emphasis on feedback and adjustment during the project cycle, but with the proviso that successive phases be approved by management rather than the institution's board of shareholders.

‘wholesale,’ in which it works through central government with a much larger number of municipalities. In most cases, performance-based grants have been used as means of persuading subordinate levels of government to implement centrally-defined improvements in financial management and other basic public management systems. They have generally not been used to encourage the exploration of alternative models of service delivery or other broader development objectives. Instead attention has focused on the management of vertical relations between the center and individual units rather than on exchanges across those units.

Good Government in the Tropics, Continued....

The Bank has a long history of working with state governments in Brazil, providing a combination of financial and technical support to strengthen public sector management of social programs. Its experience in Brazil was influential in shaping the design of the PforR instrument, which reflected several of the lessons learned there, particularly an emphasis on flexibility in the timing and scale of disbursements and the need for credible, though not necessarily independent, verification of results. One of its two longest-standing engagements was in Ceará, the northeastern state whose experimentation with public sector reform under Governor Tasso Jereissati in the early 1990s was the subject of Judith Tendler’s *Good Government in the Tropics*. One of us, Tom Kenyon, took over responsibility for managing the Bank’s largest and most complex loans to Ceará in 2010 and three years later was responsible for piloting the first PforR operation in Brazil. Over the two decades since Jereissati’s first taking office, the state administration had strengthened its capacity to plan, finance and execute investments in physical infrastructure and basic services, especially health and education. Our intention was to deepen the model of results-based management and to push sector agencies to work together more effectively towards common goals. Drawing on ideas developed by Charles Sabel and others, and focusing on three critical challenges in water quality, early childhood development and skills development, the Ceará PforR was a conscious attempt to operationalize a system of diagnostic monitoring in sup-

port of complex problem-solving. It would be comforting but misleading to suppose that such efforts continued without hiatus: in 2015, an incoming government dismantled the previous administration's management model and miscommunication between the Bank, federal government and state together with a national fiscal crisis provoked a moratorium on the use of the PforR instrument in favor of more traditional lending.

The Bank's relatively new program for results (PforR) instrument, though conceived for mainly other purposes, may be better able to accommodate iterative adaptation than its other more traditional approaches to lending. By disbursing against results rather than inputs, it allows more flexibility in how those results are achieved; and by using the borrower's own rather than the Bank's systems for managing fiduciary and environmental and social risks, it shifts attention from compliance to technical problem-solving. This makes it suitable for tackling more complex development challenges, such as those whose solution is not known in advance and which require a process of evaluation and adjustment. It may also be useful in improving the management of public investment projects through learning by doing (as opposed to formal technical assistance).

Concluding remarks

In reviewing the experience of the World Bank over the past two or three decades, we have been struck by the similarity of concerns expressed by those involved at different times in trying to reform it. One interpretation is that this implies a failure to learn. But a second more optimistic view is that such repetition is inevitable: human organizations are entropic and require periodic injections of energy to remain viable. And in this, as in so many other respects, we

are reminded of Hirschman's observations on the non-linearity of economic development and on the need to call forth and enlist resources and abilities that are hidden, scattered, or badly utilized if it is to occur.

A Hirschmanian approach to development evaluation⁸³

Albert Hirschman is an acknowledged pioneer in the development field, whose contributions have been often quoted⁸⁴. To some extent his work has also been perceived as relevant for evaluation⁸⁵, but it is remarkable and regrettable the lack of consideration of Hirschman's work in development evaluation. Table 1, which should be taken into account with the usual caveats for this type of data, is illustrative (see also Table 2, in the note at the end of the paper):

Table 1

	Citation Results
"albert hirschman" evaluation	20200
"albert hirschman" evaluación	24500
"albert hirschman" "development evaluation"	265

Source: Google, August 2nd 2017

⁸³ Paper distributed to the participants ahead of the Conference. See www.colornihirschman.org/first-conference-on-albert-hirschman-legacy.

⁸⁴ As shown below in Table 2, Google Scholar Hirschman's citations exceed by an ample margin the sum of citations of the two economists who shared the 2016 Nobel Prize, Oliver Hart and Bengt Holmström

Table 2

Citation Results "albert Hirschman" 17700 "oliver hart" 7100 "bengt holmström" 4580

Source: Google Scholar, August 2nd 2017.

⁸⁵ However, it is worthwhile to mention that the 31 pages index of Adelman Jeremy (2013) *Wordly Philosopher*, Princeton: Princeton University Press, does not include any reference to "evaluation".

Here “development evaluation” is defined as the evaluation of development interventions (development projects, programs and/or policies)⁸⁶.

Although Hirschman was not an evaluator some of his work such as *Development Projects Observed* and *Getting Ahead Collectively*, can be considered as development evaluations, the former focusing on projects designed and supervised by the World Bank, whereas the latter focused on a set of projects funded by the Inter-American Foundation.

Other works like *The Rhetoric of Reaction* and *Exit, Voice, and Loyalty* are also very relevant for development evaluation and for evaluation in general⁸⁷. All these were unintended contributions to development evaluation.

“H questions” to guide development evaluations

Evaluators use questions to guide their work. Based on Hirschman’s work the following questions can play a heuristic role in development evaluations (therefore “H” stands for both, “heuristic” and “Hirschman”), suggesting lines of creative enquiry:

1. Given what you observed, are there any concepts or principles that you can use to explain your observation(s)?

⁸⁶ See Feinstein (2006a): “Evaluation of Development Interventions and Humanitarian Actions” in Ian Shaw, Jennifer Greene, Melvin Mark (eds.) *Handbook of Evaluation*, London: Sage; (2006b): “Hirschman, Albert Otto”, in Clark, D.A.(ed.): *The Elgar Companion to Development Studies* Cheltenham: Edward Elgar; (2017): “Trends in development evaluation and implications for knowledge management” in *Knowledge for Development Journal* 13(1) 31-38.

⁸⁷ As shown by Picciotto Robert (2015) “Hirschman’s Ideas as Evaluation Tools”, *Journal of Multidisciplinary Evaluation* 11 (24).

2. (Consider, among others, the following: inducement mechanisms; inverted sequences; exit, voice, and loyalty; perversity, futility and jeopardy; backward and forward linkages; latitude; trait-making and trait-taking characteristics; trespassing; self-subversion; tunnel effect; possibilism; hiding hand; hidden rationalities; fracasomanía; the principle of conservation and mutation of social energy; and the unintended consequences of human action⁸⁸)
3. Can you explain what you observed as a case of some general principle or concept? (i.e, abduction; contrary to a view that sometimes has been expressed, that Hirschman’s approach is “inductive”, which would expose Hirschman to the unavoidable critique of induction, Hirschman’s approach corresponds to the “context of discovery”, in which abduction plays a role, whereas induction corresponds to the “logic of justification” and cannot escape the critique started by Hume and further developed by several philosophers of science). As stated by Hirschman (1967) in the last words of *Development Projects Observed*, what he pursued is “the snatching of systematic insights from casual observations”, which is one way of describing “abduction”⁸⁹.
4. How this concept relates to other concepts?
5. If based on your observations you identified a new concept, can you find a good name for it?

⁸⁸ See Feinstein (2006b) quoted, and Meldolesi, Luca (1995) *Discovering the Possible: the Surprising World of Albert O. Hirschman*, Notre Dame: University of Notre Dame Press.

⁸⁹ See Douven Igor (2017) "Abduction", The Stanford Encyclopedia of Philosophy (Summer 2017 Edition), Edward N. Zalta (ed.), URL = <https://plato.stanford.edu/archives/sum2017/entries/abduction/>. It provides an introduction to abduction. One of the very few economists who makes explicit reference to abduction is University of Cambridge’s Tony Lawson.

6. Could things be just the opposite of what they seem to be?
7. Are there any findings or concepts in economics, psychology, sociology, philosophy, history, political science or literature which can help to understand better the development interventions that you are evaluating?

In contrast to the “theory of change” or “theory-based evaluation” approach, widely adopted in development evaluation (and in other types of evaluation), a Hirschmanian approach to evaluation is “observation-based”. It is not a framework in which a “theory” directs the observations but an approach in which the evaluator develops a dialectical relationship between observations and concepts⁹⁰.

Furthermore, in a Hirschmanian approach to evaluation observations are presented in a sort of “thick description” a la Geertz, and the evaluator would be expected to provide an interpretation of their meaning, for which either existing or new concepts may be used⁹¹.

It is also worthwhile to compare the Hirschmanian approach with “objectives-based” evaluation, used by development agencies, where the focus is on the objectives of the development intervention. However, the two approaches can be complementary, the latter serving more the accountability function of evaluation whereas the Hirschmanian approach supports evaluation’s learning role

⁹⁰ The Hirschmanian approach is compatible with the “Assumptions Based Comprehensive Development Evaluation Framework” (ABCDEF) introduced in Feinstein (2006a).

⁹¹ Schwandt Thomas (1997) “Evaluation as Practical Hermeneutics”, *Evaluation* 3 (1) discusses evaluation as “practical hermeneutics”, whereas Eco Umberto (2016) *I limiti dell’interpretazione* Milano: La nave di Teseo, points out some limits of interpretation in the context of literature which are also relevant for evaluation.

Debate

Craig Murphy

Tom and Alberto and Osvaldo's papers had quite a focus on their World Bank experience. As a background I am a political scientist and an historian and I spend my time looking at the field work of the United Nations development agencies. And since there is a tendency not to do what other people are doing, I inevitably know quite a bit about everybody other than the World Bank. In some ways, my questions will be framed by that.

First question for Alberto and especially Tom. I think that your analysis of the learning process in the World Bank (WB) is wonderfully grounded in the particular knowledge you have: it is terribly sensible, it makes a lot of sense. One of the things that it does is that it tells us what the WB is capable of doing and what the WB is not capable of doing. And the big thing that is not capable of, again because of the history of its organizational structure, is that it is not terribly good at innovation. More broadly, thinking about the broad questions that Hirschman might have asked, my question is: who is capable of this? Is anybody capable of innovation and why, or why not?

I want to ask a question that was put to me when I was doing research on the history of the United Nations Development Program (UNDP). There was a period of time that UNDP had as his director, or administrator as he was called, Bill Draper, a venture capitalist. He got the job because he

happened to be at Yale with George Bush the first. And in my history of UNDP, Bill Draper comes out as the best director the UNDP ever had. And Draper, whom I have seen recently, told me that he wanted UNDP to become a venture capital organization – you know, small amounts of money given to people toward an end. And the big problem with UNDP is that that is impossible. He said: it is impossible for anybody. It is impossible even for the Gates foundation. Because in this whole development business you are not allowed to fail. I want to ask the question: does this mean that development cannot work?

Second question for Osvaldo. Again from inside the UNDP: a few years back there was a very nice Norwegian guy running policy planning at UNDP. We had a lot of discussions about the way evaluation works and does not work in UNDP. He talked about a model of evaluation he did not give a name to; but I think we are talking about the same thing: the observational model. He said how wonderful it would be to have a model that creates grounded theory: a constantly changing theory based upon direct observation. I think this is exactly what Hirschman was doing and what you were saying. He said the big problem is that nobody wants to hear the evaluators come up with those things. Because they come up at the end of what you would call a very good observational evaluation activity – and what they have actually developed is the worst thing for a lot of people who do theory to hear. This is a new way of understanding things. And for the rest of the people in the organization it is a new way of understanding their job. Which is a terrible thing for an organization. Hence, my question is: given the bureaucratic constraints of development organizations, is it possible to do this kind of Hirschmanian evaluation?

For Prof. Gallagher. Your first point was that at least in development economics Albert Hirschman is remembered sensibly; and your analysis was that Hirschman's work should be considered among the other leading development economists of the time. Now, think of Krugman, who basically read all these development economists pretty closely and seems to have been deeply influenced by them; think of his biography: probably the most important thing he did was going to the Philippines for the WB and realizing that most of the things the WB wanted him to do were not actually sensible things to do; and having to learn the other things that were not there by re-reading some of the people you mentioned previously and using them to achieve what was achievable. My question is: how critical should we be of economics and does that mean that we should get rid of a lot of the economic departments that we have in the Universities here in the Boston area and go back to the kind of work close to what Hirschman did?

I'll give you a chance to react to what I said and then we will go to the audience on the whole.

Tom Kenyon

I was very interested in what you said about UNDP. Even if you look at public sector agencies that act in a venture capital kind of way, like DARPA for example, they are structured in a very different way from the multilateral institutions, so I think you are right. By chance, yesterday I happened to come across a copy of *Beyond the Stable State* by Donald Schon, in which he has a whole theory of government learning, and one of his key observations is that innovation occurs at the

periphery, generally, and not at the center. This is consistent with what other observers, such as Bill Easterly, have seen as the role of these organizations in scanning and helping parallel experimentation across decentralized units. And this I think we can do. A lot of this innovation takes place ‘indigenously’: what we know about participatory budgeting, for example, which I was working on in Brazil, came out of Porto Alegre and other cities; and there were also interesting things going on in the northeast around literacy programs, which were taken up through federal structures and then replicated elsewhere, sometimes with the help of the World Bank. So, I’m not sure that, as an external agent, anyone is particularly good at this. I was having a conversation with someone at Gates last week who wanted us to lend for exactly this sort of early stage innovation, but we had loans that tried to do this about 5 or 10 years ago – they were called Learning and Innovation Loans, and they failed: partly for the reasons I discussed, but also because borrowers are not willing to take on debt to finance high risk interventions – there’s a difference between debt and equity capital after all.

Alberto Criscuolo

Let me add to that. My observation is not that innovation does not take place within the World Bank, but that it is an issue of the dynamics between the center and the periphery. There is a lot of decentralized innovation taking place in country offices, and many times it takes place through benign neglect. You are there, trying new things and perhaps something good happens; and then the crazy part is that it immediately gets scaled up as the new rule, as what everyone should do, without any checking. Moreover: it is not that you cannot fail – after all projects get restructured all the time, it

is normal fare – but you cannot be explicit or upfront about the risks you are taking in trying something new. You always face a battle to create the space for it; you try and deceive the system by hiding it in a component of a project somewhere and pretending it is business as usual. So there is always this schizophrenia.

Osvaldo Feinstein

To answer Craig's question we have to begin with the culture of the organization: the way in which the evaluations are selected, the process through which they are conducted, and the way in which the conclusions and the recommendations are presented. Definitely the answer is positive. But then, going back to your question, this is an issue that has been raised time and again, and that recently came to me, as I am acting, in one of my activities, as advisor to the Independent Evaluation Office of the UNDP. I saw a report that stated that 85 % of projects that were supposed to be innovative in fact succeeded. This is nonsense. It is obvious that not all of them succeeded. But if you have that rate of success it means that they were not that innovative. The problem has to do with the board, the expectation that the board has that there will be that degree of success, that rate of success: it is nonsense, but it is difficult to persuade them. This is the challenge.

Kevin Gallagher

Looking from an Hirschmanian perspective at the variety in the economics profession one has to say that yes, theo-

retical economics departments do not deal with development economics. Boston University has probably sixty economists; more than half of them are not in the economics department. In development economics we have four economists. Eleven economists are in the School of Public Health doing incredible on-the-ground Hirschmanian field work on health and development. We have a couple of interesting economists in the Business School talking about innovation in developing countries. Therefore there are a lot of different kinds of folks. The problem is that there is a lack of plurality, of different kinds of approaches – especially in the core departments. And that is largely due to the publication problem. To be in the economics department you have to have articles published in economic journals. And a lot of stuff coming from the developing countries is harder to model elegantly vis-à-vis the perfect competition world that prevails in the articles in the economic journals. Moreover, from the developing countries you do not have any data to reliably test it. Yes, the top economics departments do not do development and they sneer at the stuff that does not fit into their schemes.

Vijayendra Rao

At the center of any institution is a political challenge, and this is the reason why the World Bank is in fact not Hirschmanian. There was a moment when Jim Wolfensohn was President, and he was very much influenced by Hirschman. But he left and it's all gone away. Today it is all random control trials (RCT), it is complicated, and I do it myself. But RCTs are not Hirschmanian, it is not learning by doing. That is why I have tried to do something different, by observing. And that I think has to be Hirschmanian. There is

a real battle in the field, at the WB. When Jim became leader of the WB he came with an explicit agenda saying we've got to teach the Bank to learn from failure, that's what he wanted to do: very Hirschmanian. And he'd drop a lot of this stuff. He was very critical of what the WB had done, the kind of participation... participation cannot work without an Hirschmanian perspective, without learning by doing, without trying to be creative. Jim tried to do this job at the WB!

Institutions have trouble being Hirschmanian. Some people are concerned with how institutions think. This is not where the Bank is, notwithstanding the fact that there is a lot of talk learning. You can think of institutions as bureaucracies, you cannot think of them as projects. Start thinking as projects, and you start hitting at the core of what the Bank doesn't want to do. How do you work with those ideas, that's the real challenge.

Luca Meldolesi

Albert did not have a proper up-bringing in economics in the academic sense. He often told me that he was basically self-taught. He started in Berlin where the old school of historical economics was still alive. He continued in Paris, at the Ecole d'Etudes Commerciales. But at the time French culture, following people like François Simiand, did not accept Anglo-Saxon Economics: it had ideas of its own. It was only in his year in London that Albert came across what economics was. He was impressed, but also worried. After his brief participation in the Spanish civil war, he enrolled, as you know, in economics at the University of Trieste. And, though isolated once again as far as economics proper was

concerned, he felt relieved when he realized that learning some statistics and some applied economics he could become a competent economic journalist specializing in the Italian economy for a French review, without having to decide before hand whether Keynes' *General Theory* was completely right or not.

Albert, of course, respected theoretical economics, but was looking for something else. (And this is also why I have been with him for so long). He even explained why economics became economics. The reason, in his view, was that in the second half of the 19th century the development of psychology, of psychoanalysis and the study of human irrationality indirectly pushed economics into its ivory tower, where only the math models are relevant⁹². And the discussion we have had today on development economics is significant *via-à-vis* this point. Because if you follow Hirschman's work you see the problem.

Take, for instance, *Essays in Trespassing. Economics to Politics and Beyond* (1981). His introduction discusses, as you know, the rise and demise of development economics. But then the book pushes ahead with many forays into and around Albert's books. Actually, he did not accept coming back to traditional economics: he wanted to develop his thinking in a much broader and more satisfactory manner. This is interesting for us, because this question on the relevance of economics comes up all over again. I am an economist, I was taught in a stringent way by a group of economists around Keynes (Joan Robinson, Kaldor, Kahn, Sraffa,

⁹² Incidentally, Albert's thesis on the evolution of economics is akin to Eugenio Colomi's explanation of why philosophy after Kant abandoned syllogisms and open-mindedness, by retreating into complicated and rather obscure dialectical systematizing. Actually, in both cases the disciplinary *esprit-de-corp*... prevailed.

Hahn, Dobb etc.). I know the story too well. The truth is that Albert wanted to go beyond it. Of course, one may learn today from Krugman or from Rodrick that economics has become a series of models – this is the definition that they have - and that one has to choose among them, according to circumstances. But the problem of making economics intellectually more thoughtful and complex, and analytically simpler remains open.

Teaching and Influence

Richard Adelstein

“Exit, Voice, and Loyalty” in the History of Economics

I first read *Exit, Voice and Loyalty* (*EVL*) in 1972, early in an experimental program in law and economics. I had never studied economics or law before 1971, and because the objective of the experiment was to produce interdisciplinary types who could bring the insights of social science to the creation of actual public policy, I was being trained to believe that work like *EVL* was the way economics should be done: focused on the act of exchange as performed by imperfect, real people and using economic logic in a qualitative, verbal way to illuminate situations and institutions not (yet) in the disciplinary purview of economics. I still believe this, and have tried to do economics this way ever since. But the development of the discipline since 1970 has not been kind to this kind of economics, and pushed its practitioners to the fringe of the discipline.

Economics itself was in a moment of transition in 1970. General equilibrium had been proved, and there was little more left to do with the mathematics of perfect competition. The questions that had dominated the discipline for a hundred years seemed to have been answered by Arrow and Samuelson, and it wasn't clear what would come next. I was part of one attempt at a new direction, the 'market failure' or neo-institutional school. Albert was not, but the affinities between his way of doing economics and ours were strong, and I admired his work from the moment I encountered it.

As we were, Albert was concerned with what we called ‘institutions’ (such as ‘recuperation mechanisms’) as responses to problems that ordinary people faced in trading in the real world, and as his final chapters show, he understood that ‘optimality’ was a chimera and that real life outcomes and institutions were never in equilibrium. He appreciated the limitless complexity of real life, so he resorted only to the simplest of mathematics and relied on verbal economic reasoning and closely observed everyday experience to advance important theoretical ideas. And he was sensitive to the often subtle ways that subject matter and analytical traditions differed across disciplines, from economics to history, anthropology, political theory, psychology, law and others, so he could actually make his important cross-disciplinary insights and applications both accessible and interesting to practitioners in all these disciplines. At this crossroads moment for economics, scholarship like Albert’s, and books like *EVL*, seemed to me the most promising and fruitful direction the discipline could take, abandoning the scientific search for mathematical specificity and an empirics limited solely to statistical data for alliances with other disciplines that could illuminate the historical development of human institutions of all kinds and their operation in the present.

Alas, none of this actually describes what the vast majority of economists actually did then, or do now – it’s telling that *EVL* cites many social scientists and theorists but very few economists, among them such mavericks of the time as Galbraith, March and Hayek. Like Albert, they were all practitioners of an ‘unscientific’ verbal economics that was increasingly seen as obsolete and valueless as social science. After the collapse of welfare economics in the 1970s, with

its pretensions to solving the great moral questions of political economy revealed as unachievable, economists committed themselves solely to 'science,' and specifically to mathematical models that could be tested against reality by the careful use of numerical data, the only acceptable form of empirical observation.

The mathematical economists, with their commitment to optimization and equilibrium, have largely won the day, even in my own field of law and economics, which is now pursued almost exclusively by economists (and econometricians) and, quite properly, ignored in the law reviews, concerned as they are with the law as it is. Qualitative argument like Albert's, sensitive to the complexity of human motives and behavior, has long since been buried in academic economics under an avalanche of increasingly arcane econometrics. *EVL* is filled with plausible but casual speculations and observations about human behavior in various circumstances. Albert must have seen these (accurately, I'd say) as common sense, but to modern economists they're 'testable hypotheses,' subject to finely articulated statistical analysis that almost never reaches a conclusion. As his turn to superb intellectual and economic history after 1970 suggests, I strongly suspect that Albert saw all this as the future of the discipline, even in his own field of development, with all its questions of culture and institutions, and was appalled by it.

But there are two pockets in which Albert's way of doing economics lives on, albeit on the sparsely populated borderlands of the discipline. I don't think it's fair to say that these economists have been strongly influenced by Albert's work itself; perhaps it's enough to say that he would have

recognized what they do as what economists should be doing. The first is the literature on *relational contracts*, rooted in the work of the legal scholars Ian Macneil and Victor Goldberg and the economist Oliver Williamson in the 1970s. Relational contracts are agreements meant to last, to create a relationship between the contractors that they want to preserve into the indefinite future, which colors their day-to-day interactions in ways that ordinary, ‘easy in, easy out’ contracts do not. Relational theory takes human and environmental imperfection as given, and asks how people use institutions like contracts to adapt to or overcome them. Business firms and formal organizations of all kinds, marriages, constitutions, and a host of other unexpected institutions have been fruitfully approached in this way — like *EVL*, this literature brings the insights of economic logic to situations far from the discipline’s traditional concerns, and like *EVL*, its insights have been developed most fully not by economists but by legal scholars, political scientists, sociologists and others. Albert would have been pleased, but not surprised.

He would have been gratified by the ascent in recent years of a second field that speaks directly to the project not just of *EVL*, but of much of Albert’s earlier work in development as well, *behavioral economics*. As his frequent citation of psychologists and their studies makes clear, this is what Albert was actually doing in *EVL*. Behavioral economics sets out to challenge (or confirm) the assumptions of rationality and self-interested behavior that underlie all of economics, not (just) by the collection and analysis of numerical data, but by careful construction and interpretation of both laboratory and natural experiments as well, in search of better models or heuristics to explain individual behavior. Almost every one of Albert’s dozens of speculations in

EVL about rational or counterintuitive behavior in various circumstances, about how people will be inclined to behave in ways that do or don't align with their apparent interests or objectives, could be the subject of a modern dissertation in behavioral economics. Albert would have enjoyed advising a few, I think.

Let me close with two personal stories about how I encountered Albert, and the Institute of Advanced Study, which I visited in 1994. It is, by a large margin, the most peculiar academic institution I've ever been associated with, and I must say I did care for very much. The year I was there Albert was in his final year at the Institute. During that year the Institute was additioning a candidate to succeed him (Faculty positions at the institute are rather prestigious to get): I didn't get along with this candidate, and other people didn't get along with him as well, and ultimately he was not given the job, and somebody else replaced Albert. All of us short-termers visitors, who were academic summercampers, were required to give a presentation of our work. So we assembled fellows and others at the Institute, and I gave a paper in which I discussed natural languages as spontaneously ordered social systems. Albert was sitting in the back, and he sort of liked it, but the candidate raised his hand and asked a very hostile question: "Wittgenstein has talked about language, Chomsky has talked about language, who are you to talk about language?" And so I stood out and answered "Adam Smith wrote about languages, lots of people can write about languages, I am a social scientist, social scientists are supposed to study social systems, so I would guess any social system more or less enters the sphere of social science". This led to a pretty lively discussion, and when it was over Albert walked up to me - I had never spoke to him before - and he said "I agree with your

talk, I really loved what you had to say”. I tell you this story to indicate that what Albert thought social scientists should be doing was no longer welcome in a world not only of economics, but of social science generally, a world of narrowing and hardening disciplinary lines.

The second story is this. At the end of that year I was invited to lunch by Clifford Geertz, who also never spoke to me during that year: that was very strange. I should tell that during that year I was 48 years old. Geertz invited me at the “four star cafeteria” that there is there. He sat down and he said: “You know we are replacing Hirschman this year. The mathematicians and the scientists have given us a lot of trouble. They don’t want another dialogical economist, they want a mathematician, someone who does mathematical economics” (in fact that’s what they got when they actually replaced Albert, so the scientists won that particular battle). Geertz said to me: “Some of us don’t want to do that. We don’t want to hire a mathematical economist”. Geertz is a prophet of thick description and he doesn’t agree the way things were going. So he looked at me and said: “This is what I am looking for. I am looking for somebody in their late ‘40s, somebody who thinks about institutions, somebody who writes English into verbal reasoning, somebody whose work sort of approaches the kind of anthropological description I am talking about”. Of course, I think about myself, “This is what I am doing, and I am 48 years old!”. So my heart starts to jump, and I said to myself: “He is going to ask me to join the Institute of Advanced Study!” So I am listening and listening him talking on and on; and then he stops, and he looks across the trees, and he says: “But, you know, there isn’t anybody like that”. I tell this story to say that even then, in 1995 there wasn’t anybody like Albert Hirschman, and in fact they never found

anybody to replace Albert at the Institute. So for the health and relevance of economics itself, economists can hope that at least part of the discipline's future, and those of its sister social studies and the law as well, will belong to him.

Monica Romis: A comment

Richard Adelstein's intervention brings attention to two key elements: the fact that real world problems are complex and that they call for inter-disciplinarity. Because Hirschman understood the complexity of real life, he chose to use only basic mathematics and instead relied on verbal economic reasoning to advance important ideas. In other words, Hirschman used economic logic in a qualitative, verbal way to analyze situations and institutions that were not yet considered by the discipline of economics. With the recognition of the complexity of real world also comes the necessity of crossing boundaries among disciplines. As Richard emphasizes, Hirschman was sensitive to the differences across disciplines, from economics to history, anthropology, political theory, psychology, law and others, and because of this awareness he could actually make his important cross-disciplinary insights and applications both accessible and interesting to practitioners in all these disciplines.

This is a remarkable accomplishment as we know how hard it is to cross boundaries across disciplines. Not only in academia but also in the practitioner world. Organizations like the Inter-American Development Bank, for example, are organized through departments and divisions that work as silos, and it is very difficult to work across them, for exam-

ple in an “multisectoral” project (like most economic or urban development projects are, or should be). It is also difficult to work across disciplines or sectors on the ground, where often ministries and agencies do not want to share their leadership and prefer to work on isolated projects. Hirschman’s work provides great examples of how to do that.

Tito Bianchi

In good intellectual company: Judith Tendler and Hirschman's tradition

I want to talk about Judith Tendler as an intellectual figure in the tradition of Albert Hirschman's ideas, and to contrast her method and her work with that of her predecessor and teacher. This is a difficult task, because Judith, as well as Albert, was a multidimensional, rich intellectual, but also because she was my Ph.D. advisor, and because many people in this room knew her well.

Judith was a student of Albert at Columbia in the early '60s. The subject of her dissertation was "Electric Power in Brazil", where she applied Hirschman's newly developed methods and tools to a specific, concrete issue of economic development: the choice of the preferred technology for power generation in a developing nation. She convincingly argued that investing in hydro-electrical power, in the Brazilian case, was better for development purposes than investing in traditional thermal power.

Judith recognized how much she owed to her professor in the initial part of the dissertation, and in an article that she wrote for "Political Science Quarterly", where she quoted one passage from Hirschman's *Strategy of Economic Development* about linkage and inducement effects and how to use them as tools to promote development in unexpected ways.

Hirschman himself recognized Judith's work as one of the first important applications of linkages to the real world. This is a good start to try and understand Judith's role in Hirschman's tradition. *Prima facie* what comes up as Judith's contribution to Hirschman's tradition and ideas – this is my claim – is that she actually demonstrated the usefulness of the ideas of linkages, unbalanced sequences and inducement mechanisms; she demonstrated that as tools they could be employed fruitfully by economic development practitioners, which was not a straightforward thing.

Before I elaborate my claims, and I make them more nuanced than this, I want to describe some elements of Judith's way of working that place her clearly in Hirschman's tradition, and others that are more inherently hers. Put all together, these elements compose the figure of an intellectual that deserves to be remembered.

First, similarities. She was Hirschmanian in terms of being an **eclectic** scholar with broad interests. Compared to Albert, she was on a more operational level in a certain sense. She started from a more narrow perspective of economic development: asking what kind of infrastructure, what kind of linkages should be activated and how. Later on, in the course of her long career she gradually expanded her interests to other subjects: rural development, social services; she has been consulting for the WB, on social funds, small firms and other subjects. Gradually, in the course of the years, the broadness and richness of her culture came out more clearly.

Second, she was **possibilist**. She was always looking for solutions for the real world. In Hirschman's words, she had

his same “bias for hope”, trying to look at empirical material in search of something that could be useful: an attitude which is also in line with the American intellectual spirit, with the American culture of aiming to improve the world by putting knowledge to the service of future decision-makers, in an optimistic way.

More inherently hers was the **radical** way she had of interpreting her role as a researcher. Radical not in political terms: she was not an extremist in politics, but reformist, progressive oriented. She was radical in the sense that when she discovered something that was true, something she found in the field, she was ready to hold her point in the face of power. Her positions could be radical against the policy context, when she was convinced that something that she observed in reality did not correspond to the way policy was designed. This happened especially when she took the point of view of the poor and marginal people, whose views are sometimes not taken into account in the workings of policies purportedly designed in their interest. (In this attitude I believe she was probably close to Colorni, whose life choices were consequential from his analysis of reality.) When she was representing the points of view of the beneficiaries of policy, she could be quite assertive.

The other trait that she had – I only had an intuition about this in my student years, but reading for this occasion her professional work in the first phase of her career was enlightening for me - when she was doing professional work and was not an academic yet she was quite extraordinary in her relationship with her clients: her attitude with them strikes me at the same time as **humble**, yet very **assertive**.

Humble because she was doing humble work. She did the kind of work that usually high level professionals don't mind to do, don't bother to do. She stayed in the field for weeks endlessly interviewing peasants, entrepreneurs and trying to pick the minds of people, of politicians, confronting what she was starting to understand with the views of others. She did a lot of work considered relatively low status in the economic profession.

On the other hand, when she was presenting results, or when she was designing her work, she was quite autonomous, almost authoritative. This incongruity seems difficult to reconcile. She was authoritative not just with us students, but also with institutions like the World Bank, the Inter-American Foundation. She occasionally entered into contrasts with her principals, especially when she unilaterally re-designed the tasks that she had been assigned: "you think you need this, but really what I have observed in the field means you need this and that, and you don't know this other part". Large and structured institutions commissioning research to her work such as the World Bank clearly found that unsettling. In one of her studies which looks at the organization of the IAF, there is this very nice forward by the director of the foundation (Peter Hakim) who had commissioned her the work, which is basically saying: "we don't agree with part of what this consultant is saying, but we understand its value, even if it is unsettling for us" adding that "part of the shortfalls and recommendations she provides are something on which we are already working..".

These two elements of humbleness and autonomy can be reconciled if we consider that it was the strong grasp she had on reality what gave her the strength to confront the client and say: "you don't know your stuff. This is how it

works, this is your story, how it works in the field, and listen to me, because that's the way it is". What seems paradoxical, makes sense when you enter Judith's style and method: it is precisely the humbleness of the work what gave rise to the autonomy of the statements she made.

Now I want to go back to the linkages story. As you recall, I claimed that the main contribution made by Judith is that she proved that Hirschman's constructs like linkages and inducement mechanisms are useful as policy tools. In order to better articulate this statement, I now need to talk about the concepts of linkages and other inducement effects: what they are and what their intellectual trajectory has been. This concept that I summarize under the word linkages - but it is broader than that - encountered some problems been operationalized in reality. They were convincing ways of describing development processes, recognized by everyone as strong tools explaining the past, but when it came to using them as normative tools they were quite problematic. Some scholars advanced doubts about their actual usefulness in development policy, and Hirschman sort of accepted the point. Somewhat in the same way as it has happened in the interaction Hirschman had with World Bank officials concerning *Development Projects Observed*, described by Michele Alacevich in the previous section, people said "We recognize the value of all this, it is very true, but how do we use it?". And that point is valid, you cannot disregard it.

In this context, Judith's real contribution has been that of employing those tools for taking real-world, concrete decisions - at the same time explaining how to use them, and showing in practice what their limits and potential are. After all, if they are meant to be policy tools, given that decisions have to be taken today, tomorrow, a month from now,

linkages have to be employed for the decisions the institutions make in allocating money.

Linkages, as a general concept, have suffered from this problem: they are indeed useful in the sense that they produce useful knowledge, that adds on the top of the usable experience of development practitioners, but they are not ready-to-use models in the same way as the models they are criticizing. They cannot be used in the same way as the other ones because they describe potential causal relations which have to be verified in practice in the complexity of each unique case. As a tool to interpret and predict reality they accrue to the knowledge of practitioners who have to be sophisticated, learned practitioners. As Hirschman himself said, they are to be put at work at a lower level of abstraction than general models, at a micro level.

Linkages present a dilemma because they are tools for sophisticated, learned practitioners who are at work on specific, operational development problems and decisions, that is, at a level where it is hard to find people who are willing to confront complexity, who accept to be inquisitive, self-critical and problematic about their own work, in the same way as Judith used to be.

Judith has both demonstrated that linkages are valuable for decision-making, which is still debatable in the discipline, and has explained to us at what level they can be used. In this sense Judith has used these tools and this approach, at different levels. In the first part of her career, when she was working inside the IAF, she was using linkages for very specific decisions to be made: for example, which intermediary should be entrusted to manage the foundation's loan for

rural development in Nicaragua, based on political economy, organizational culture and technical considerations. For each decision to be taken she would employ the notions of demand or supply linkages, latitude or inducement effects, to perform an accurate predictive analysis of broader possible indirect effects of using this Bank or the other as an intermediary; of what should be the length of the infrastructure construction for this dam; what technology should be preferred; how to address the problem of maintenance of highways, which was always inadequate in Northeast Brazil. In each of these assignments she went into the minute details and applied the Hirschman toolboxes to specific decisions to be taken at the request of her client.

Later on, in *Rural Project through urban eyes*, she started doing the sort of work pioneered by Hirschman in Development Projects Observed of taking different projects and doing a comparative study of their results and of their determinants; in that essay, and in *New lessons from Old Projects* which followed ten years later in 1993 she would speak to a client like the WB and extract lessons about what a sample of projects teach us about a given issue. It was an attempt at generalizing a little more, without aiming at drawing general theories.

Finally, in the last part of her career she overtly took on even broader, more general issues such as the role of the State in development policy, whether social investment funds work or not, the informal sector in developing countries, etc.. Although her positions and statements were always rooted in the empirical, direct knowledge of reality she had, in this phase she was won by the temptation to do more generally relevant work, perhaps because she had entered academia, and she was thus subject to the professional incentive to produce work of more general relevance. In

this phase you could observe in her work the tension between two conflicting values: trying to say something whose generality could go beyond the specific context, and avoiding to build new schematic, simplistic theories valid everywhere. In this period, the conclusions of her work always arrested themselves at an intermediate level of abstraction, where the relevance for policy-making of her empirical findings, started being outweighed by the risks of falling into new blind, abstract models.

Judith demonstrated the value of those tools, she demonstrated what are the limits of applying this approach at different levels of generality, and what the tension is about; and finally she showed in practice what kind of practitioner you need to be, in order to properly apply these tools and this approach. For me, this practitioner is a person who, like Judith, in the scale of values places the direct knowledge of reality above than speculation on someone else's empirical material; someone who actually enjoys the activity of research and enjoys learning things from others - not just from other academics, but from other people, from informants, entrepreneurs, politicians. This is something which is not valued enough by the academic profession: openness to outside knowledge, learning from non-academic sources, and having a dialogue outside academia. This is what Judith was, and for this reason I think she is still a model for intellectuals who want to be policy-relevant today.

Monica Romis: A comment

Talking about Tendler's approach, Tito stresses a very interesting aspect: "Judith revered facts". First-hand

knowledge of reality was one of the main strengths of his work. And this is something that I seek to do in my own work. For me, it is crucial to be in the field and in direct contact with the people who are directly involved in economic development processes, and triangulate my sources of information to get a more complete and nuanced picture, to get as close as possible to the reality on the ground. Spending time in the places and with the people that the project has directly benefited uncovers otherwise hidden aspects of the project. Much can be learned about the way a project has worked simply by asking questions on the physical location - farm, factory, etc., - where the project takes place.

Judith, like Hirschman, was also sensitive to the complexity of real life. She never stylized reality or made it to look better than what it was to make her clients happy. She was always true to the data and facts that she observed on the ground. In his paper⁹³ Tito points out one detail that is very important to understand this approach: facts should not be interpreted in a narrow, material sense. Facts are also political economy constructs such as power relations, social groups and their alliances. In other words, for Judith non-material elements such as power structures, norms and people's beliefs were as real as technology and soil conditions, and were thus reported by her as unquestionable reality. I think that this element takes qualitative research to another level and, as Hirschman did, it can help us advance important theories.

⁹³ See the paper that Tito Bianchi sent to the participants ahead of the Conference. See www.colornihirschman.org/first-conference-on-albert-hirschman-legacy.

So, we see that much of Hirschman's work underscores the importance of looking at the micro level, using qualitative methods and staying away from simplifying the complexity of the real world. However, there is a tension between this approach and the need that academia and organizations have for generalizable solutions and models. How do we reconcile the two? How do we stay true to Hirschman's approach and at the same time produce knowledge that can travel to different contexts? Tito's paper talks about "learned practitioners", which could be a good starting point for the discussion.

Alessandro Balducci

“Development Projects Observed” and the Influence of Albert Hirschman on Planning Thought⁹⁴

What I want to bring you is the influence of Albert Hirschman on urban and regional planning, that I have tried to look for through the authors who have been in contact with him.

In an article that appeared in the *New Yorker* of June, 2013, Malcolm Gladwell wrote, “Hirschman was a planner who saw virtue in the fact that nothing went as planned”. I believe this is a truly appropriate definition. As a planner, Hirschman really did attack the most naïve and ideological convictions of the dominant thought on planning in order to construct a planning capacity that was more aware of complexity, more open to new discovery, and better able to support innovation.

Development Projects Observed (DPO) was one of the first books I read. It was translated into Italian by Pierluigi Crosta, the planning professor with whom I studied, and the supervisor of my Master’s and PhD theses. At a time, when the dominant planning was inspired by models of classical rationality, and in which it was believed that urban

⁹⁴ Excerpts from the paper “‘Development Projects Observed’ and the Influence of Albert Hirschman on Planning Thought” that has been distributed to the participants ahead of the Conference. See www.colornihirschman.org/first-conference-on-albert-hirschman-legacy.

planning in particular (if well structured) would be able to address not only problems related to the organization of space, but also societal reform, Hirschman's work was a stimulating antidote to that ideology, and an extraordinary anticipation of many of the topics that would arise in the planning debate of subsequent years. The book was published in 1967 (the Italian translation was released in 1975): through it we discovered a series of questions of method and merit that appeared at the time as unexplored horizons.

On the methodological level, *DPO* demonstrated the efficacy of the use of case studies as an instrument for evaluating and understanding planning processes. In that phase, the focus in specialised spheres was placed exclusively on plan making, the discovery of new recipes for rendering plans better able to produce the desired results, and new laws that could impose their success: general and specific plans, higher-level plans for vast areas, regional plans, socio-economic plans, and sectoral plans. The assessment of the previous concrete implementation of plans and projects was always cursory and served only to support a new proposal, or a new paradigm, to use the parlance of the time.

In *DPO*, Hirschman demonstrates how important it is to look at plans and projects over the long term of their implementation and, especially, to not be limited to an evaluation of outputs, but to broaden the view to the complex implementation process that always constitutes "a long voyage of discovery in the most varied domains, from technology to politics". Not only do the sought-after effects and the results often fail to correspond, the unexpected results can be more interesting than the expected ones.

Even before implementation research studies were developed, initiated by Aaron Wildavsky and Jeffery Pressman and by Eugene Bardach, Hirschman explains how important it is to reconstruct the implementation process not only from the top down but also from the bottom up in order to understand how to improve planning activities. Hirschman is not interested, however, in the description of why “great expectations in Washington are dashed in Oakland”, as stated in the subtitle of *Implementation*⁹⁵, but in discovering the reasons for partial success in situations of extreme difficulty.

In fact, the first version of Pressman and Wildavsky’s work seems to lead to opposite conclusions to those drawn by Hirschman: after reconstructing in detail the intricate decision-making chains that begin with the launch of a policy (to reduce unemployment of racial minorities in this specific case), they draw the conclusion that as much attention must be paid to the design of implementation processes as is paid to the design of policies, and that in order to design feasible policies, the number of actors involved must be reduced and the necessary decision-making processes must be simplified as much as possible.

Here it’s clear that the vision is not that of effective action, but of efficient programming, i.e. that the project be implemented exactly as it was planned, and not that it address, and effectively resolve the problem for which it was proposed, possibly through means that are different from those planned, as Hirschman proposes. Opening the field of

⁹⁵ Pressman J. and Wildavsky A. (1973) *Implementation*, Berkeley, University of California Press.

study to implementation, Pressman and Wildavsky therefore concentrate on implementation in the strict sense, and their argument contains no trace of the considerations offered by Hirschman in *DPO*⁹⁶. Later, however, in an essay written together with Giandomenico Majone entitled “Implementation as Evolution”⁹⁷, Wildavsky reflects on what the relevant program dimensions are that stand the test of implementation. The two authors maintain that plans and programs exist only as potential, and their implementation depends on intrinsic qualities and external circumstances. It is dispositions that can produce results in specific circumstances.

In those years, case studies on planning processes were extremely rare, the most famous being *The City Planning Process* by Alan Altshuler⁹⁸, who analyzed the urban planning vicissitudes of two cities in the United States and not surprisingly was forced to reconsider many of the assumptions of planning culture. Years later, the case study method would become the preferred research tool, including in urban studies, and Hirschman’s work would constitute a fundamental methodological reference for generations of researchers, even in the planning field.

As regards content, Hirschman introduced several concepts that challenged consolidated theory. The most notable is “the principle of the hiding hand”: not only is it impossible, it may even be undesirable to predict all the obstacles and problems that a plan or project may encounter. Because if we really knew all the difficulties that would arise

⁹⁶ I learned from Luca that Wildavsky was in contact with Hirschman.

⁹⁷ Majone G. and Wildavsky A. (1978) “Implementation as Evolution”, in Freeman H.E. ed. *Policy Studies Review Annual*, vol. 2, Beverly Hills, Sage Publications.

⁹⁸ Altshuler A.A. (1965) *The City Planning Process*, Ithaca, Cornell University Press.

during the course of a project, we might abandon the whole thing, thereby precluding the possibility of discovering the creativity and the ability to react that are normally generated to address difficulty.

In measured language and based on the evidence of his case studies, Hirschman questions one of the pillars of planning: the development of expert knowledge and predictive ability that aspire to eliminate obstacles to the implementation of a plan or a project and to minimize the unexpected.

The principle of the hiding hand, both the difficulties themselves and the capacity of actors to address them, suggests that one should not expect to control all aspects of a project or plan, but rather should be aware that this is not materially possible, and that in the end it constitutes a disincentive to the development of creativity. Based on this important reversal of position, Hirschman specifies that the existence of a hand that hides difficulties and capacities to react does not render the drafting of plans and programs useless or vain, rather it should motivate a reduction of the expectation of absolute control of processes, and to regard obstacles and problems that inevitably arise as opportunities, to view in a new light what are normally considered mistakes to be avoided in the planning process. Thus, “pseudo-imitation” programs or “pseudo-comprehensive programs” can be considered the “procurers” of the hiding hand principle; the collateral effects of projects, normally considered irrelevant, can become central; and much depends on the dissemination of an open-minded attitude that in every situation, even the most difficult, pushes actors to seek out new solutions and to mobilize resources that haven’t been considered or actors who hadn’t been involved.

The dialectic tension between plans and improvisation explains the impossibility of planning creativity and innovation. These are the years of heated debate on the limits of the rational model and on the synoptic and comprehensive planning that derived therefrom, and Hirschman's contribution, although it was based on a different interest, arrives at similar conclusions. Many authors emphasize that the rational model expects too much from actors (visioning and forecasting capacity, ability to evaluate the consequences of each action, capacity to compare alternatives) and concedes too little, not considering the capacity of actors to address the unexpected and the difficulties of implementing projects and plans.

Charles Lindblom, a researcher with whom Hirschman was always in contact (and whom he thanks for his observations on the manuscript of *DPO*), maintains that the pretence of controlling a complex process is illusory, due to the structural limits of the human intellect, which is unable to move towards optimal solutions in the face of the countless variables that intervene in any socio-economic process. This pretence is only a source of failure, while it's "the intelligence of democracy" that can compensate for the limits of those who seek to centrally control the entire process. Lindblom therefore suggests seeking efficacy in decision-making processes through the confrontation between antagonistic positions that, however limited and partial they may be, compete in their interaction (through disjointed incrementalism and partisan mutual adjustment) in order to provide greater rationality to decision-making processes than what can be offered by those who control them centrally.

In 1972 Hirschman and Lindblom wrote an essay together⁹⁹, in which they compare their positions and identify their convergences and divergences.

The former include:

- the rationality and utility of certain processes commonly considered irrational;
- the attack on basic values such as order, balance, and detailed programming;
- the conviction that one step leads to another without specifying objectives in too much detail;
- the conviction that, in a problem-solving process, the objectives will change in the course of the experience, giving rise to a succession of means-end and end-means adjustments;
- the conviction that objectives adapt to concrete possibilities;
- the conviction that seeking to extend and broaden the view in order to avoid problems can be costly and less effective than facing the problems and trying to address them.

The most important point of divergence, on the other hand, is Lindblom's belief in the structural limits of the human ability to understand phenomena by planning them, while for Hirschman, the ability to understand and guide processes is not impeded by structural limits, but by the fact that there is always an unused capacity that can be activated through a series of mechanisms of induction. Via different paths, Hirschman and Lindblom recognize in the article that they arrive nevertheless at the same conclusions.

⁹⁹ Hirschman A.O. and Lindblom C. E. (1962) "Economic Development, Research and Development, Policy Making. Some Converging Views", *Behavioural Science* 7, n.2, April (211-222).

Some years later, Lindblom wrote an essay on planning that was very close to Hirschman's approach, not negating the utility of planning, but situating it in a strategic perspective, aware of the limits within which the processes that govern change occur. Lindblom¹⁰⁰ suggests that strategic planning "is a method that treats the competence to plan as a scarce resource that must be carefully allocated, not overcommitted [...]. It is planning that picks its assignments with discrimination, that employs a variety of devices to simplify its intellectual demands, that makes much of interaction and adapts analysis to interaction". Furthermore, "strategic planning is then systematically adapted in several specific strategic ways to interaction processes that take the place of analytical settlements of problems of organization and change [...]. Strategic planning plans the participation of the planners (or of the government for which they plan) in interaction processes, rather than replacing the processes [...]. Strategic planning tries to make systematic use of the intelligence with which individuals and groups in society pursue their own preferences by molding their pursuit, rather than substituting the planners' intelligence wholly for individuals or groups [...]. Strategic planning attempts to develop and plan, in the light of a rationale for deciding which effects are to be achieved through decision and which only as epiphenomena".

We can note in this definition of a strategic concept of planning a series of Hirschmanian themes: the search for present and unused resources, the modest attitude of the planner, and the attention to collateral effects. Charles Lindblom, an influential author in the planning world thanks to

¹⁰⁰ Lindblom C.E. (1975) "The Sociology of Planning: Thought and Social Interaction", in Bornstein, M. ed. *Economic Planning East and West*, Cambridge Mass.: Ballinger.

the interest garnered by his positions on the incremental model, constitutes to some extent an important connection between Hirschman's positions and the field of theoretical reflection on planning.

Another important direct connection between the cultural environment of planning and Hirschmanian thought is offered by one of the most influential authors in the field of American planning theory: Melvin Webber, a professor at Berkeley University. As an attentive reader of Hirschman, Webber suggests moving the focus of the planner from the plan to the implementation process, from the past to the future, asking those involved in planning to abandon their engineering and architecture roots, which concentrate on defined technical problems, and to construct instead a specific approach to planning that he defines as "permissive planning": an approach oriented towards the future and social change, that intervenes in social transformation processes in a discrete way, targeting incentives rather than rules and prohibitions, that explicitly declares its political nature by endeavoring to understand the impacts of each action of various social groups. Webber's permissive planning, shocking to mainstreaming planners in the late 60s, is very close to Hirschman's theory of possibilism¹⁰¹ (Meldolesi, 1995).

A few years later, Melvin Webber together with Horst Rittel wrote one of the fundamental texts of planning literature, which is still used widely today in theoretical debate. It is, in my opinion, a deeply Hirschmanian text. In the article

¹⁰¹ See Meldolesi L. (1995) *Discovering the Possible. The surprising world of Albert Hirschman*, Notre Dame University Press.

entitled “Dilemmas in a General Theory of Planning”, Rittel and Webber¹⁰² discuss the intrinsically “wicked” social problems that constitute the object of planning. Unlike the problems of natural science or engineering, which are “tame”, planned problems are wicked, poorly defined; their resolution is entrusted to political judgment, they are never solved, only repeatedly attacked. The problem, according to the authors, is that the dominant planning ideology seeks to address wicked problems as though they were the tame problems of natural sciences and engineering, thus failing to realize that the approaches constructed are inadequate for the complexity, uniqueness, and ambiguity of the nature of planning problems.

John Forester, another central figure in American planning theory, established a direct relationship with Hirschman’s positions on planning, particularly with his *A Bias for Hope* (Hirschman, 1971). Forester maintains that “[t]he most evocative definition of planning that I know simply puts it this way: ‘Planning is the organization of hope’. Planning is the organization of hope - and so planning well done enhances our abilities to imagine our communities as we might yet really live in them, and planning poorly done diminishes our imaginations of what we can do, weakens our hope and discourages our action”¹⁰³.

Finally also in Italy, Hirschman has been very influential. Luca and Nicoletta have done a lot of work for favoring the translation of almost all the books of Hirschman. An even

¹⁰² Rittel H.W. and Webber M.M. (1973) “Dilemma in a general theory of planning”, *Policy sciences*, vol. 4 (2).

¹⁰³ Forester J. (2004) *The Politics of Planning Communities: The Art of Collaborative Consensus Building*, Department of City and Regional Planning, Cornell University.

more direct connection with the urban planning environment was developed by Pier Luigi Crosta, the aforementioned translator of DPO. All of Pier Luigi Crosta's theoretical work is strongly rooted in Hirschman's thought. Beginning in the 70s, Crosta constructed through his writing, in particular the doctorate that he coordinated in Venice in "Territorial public policies", a specific line of thinking within the panorama of Italian urban planning culture: the approach to urban planning that views the planning process from a perspective based on the analysis of real planning practices. The topic of unintended consequences was very important for Crosta, who built on Hirschman's concept in DPO: unexpected consequences are interwoven with intentional planning actions, producing unprecedented combinations that are not undesirable merely by virtue of their unexpected nature. Viewing planning activities in this way leads to a natural reallocation of the activities of the planner within a perspective that is considerably different from that of directing the urban transformation process, and a rethinking of the relationship between intended effects and outcomes as a crucial place in planning.

The last mention is to the role played by the economist-planner Fabrizio Barca, an attentive reader of Hirschman's work, who, in a series of reports and experiences that he guided directly at the national and OECD level, would build his own place-based approach to developing weak areas on the basis of the discovery and mobilization of unused resources. In the strictly urban planning field, that model would be the foundation of the experiences of integrated and participatory interventions in neighborhoods in crisis of the periphery of inner cities, promoted by the European Commission.

In conclusion, it seems to me that, beyond the relationships that I have been able to identify, Hirschman exercises a profound influence that originates in DPO, but which extends to *Exit, Voice, and Loyalty*, *The Passions and the Interests*, *Essays in Trespassing*, and *Shifting Involvements*. A precious body of work that has continued to encourage planners to trespass, to construct a critical attitude, maturity, and awareness, confident in their ability to address whatever problems and difficulties may arise, using uncertainty as a compass and hope as a guide, mobilizing hidden resources, learning from failure, paying attention to unexpected effects, and using the intelligence of society.

I believe that Hirschman, beginning with DPO, continued to offer a fundamental contribution to the construction of a planning “posture” that is capable of addressing the growing complexity of the problems facing contemporary society.

Monica Romis: A comment

I particularly liked how Alessandro Balducci talks about “possibilism”. First, he tells how the theory of possibilism can help us in evaluating past projects, for example looking for unanticipated success (or partial success). Success in ways that had not been planned may be obscured by the fact that the project failed in its stated objectives. I realize that this is something that I also do when analyzing projects, I do not look at projects just in terms of their ability to meet their stated goals, because otherwise I could miss other important outcomes that could possibly be replicated in other

projects. I also look at the history of a project implementation, in order to understand its false starts, change of its course, unanticipated events, etc. By looking at the broad history of the project, it is possible to understand why a project did not work as planned, why it had produced unexpected outcomes, or what had gone wrong in the original design. And it makes it possible to draw lessons for future projects.

But Alessandro also talks about the theory of possibilism in relation to planning and he brings in the concept of permissive planning and puts it in the context of Hirschman's ideas. In this sense, planning becomes the organization of hope, as he puts it. This really speaks to me and it allows me to look at my own work from a different perspective. In the projects I design or evaluate, I often look for unused resources that could be discovered and mobilized. I do this by looking for sequences of activities (such as training, technical assistance, building associations, etc.). As we learned from Hirschman, success may be facilitated by a certain sequence in which activities took place, rather than by a certain constellation of factors at any one moment in time. For example, when a project is successful in fostering the creation of a producer association, it is often because they start out by organizing around a discrete, immediate and temporary task, with which they can experiment and find a new way of working together. In other instances, it's about leveraging the experience of a previous failed collective action, that left social energies stored and that can become "seeds" for future collective action. Thus, going back to Alessandro's point, planning activities in a certain sequence or leveraging previous failures is in some ways a way to widen the limits of what is perceived possible, and it's a way to do "permissive planning".

However, in my own work, I found it easier to apply the theory of possibilism to the past, to analyze projects and situations, but I found it more challenging when to plan and design projects.

I wonder if planning as the organization of hope (to imagine our communities as we might really live in them) could be a frustrating exercise. How do we prevent it from being “unrealistic” planning? I think that asking ourselves this kind of questions may help us move forward Hirschman’s own ideas.

Revisiting Texts

Marianne Egger de Campo

How the Rhetoric of Reaction justifies the Legalized Exploitation of Migrant Care Labor¹⁰⁴

The following is going to analyze the political discourse that made it possible to establish a legalized and (at least in Austria) even publicly subsidized care arrangement in European private households that explicitly exploits migrant labor in order to keep welfare state expenditure for elder care low. Similar arrangements have been discussed by feminist economists under the headings of a care deficit in affluent countries which is compensated by the import of a temporary female workforce from less well-to-do societies¹⁰⁵. In Austria, Germany, Switzerland, and Italy live-in cares, mostly from Eastern Europe, offer a service for older care dependent people, or rather their families, on a 24-hour-seven-days-a-week-basis (in German it's called "24-Stunden-Pflege", while the Italian term is "badante", literally a guardian or keeper): it is very similar to the work of domestics in urban bourgeois households around 1900.

¹⁰⁴ Excerpts from the paper "How the Rhetoric of reaction justifies the legalized exploitation of migrant care labor" that has been distributed to the participants ahead of the Conference. See www.colornihirschman.org/first-conference-on-albert-hirschman-leg-acy.

¹⁰⁵ Stark A. (2007) 'Warm Hands in Cold Age. On the Need of a New World Order of Care', in Folbre N., Shaw L. B., and Stark A. eds. *Warm Hands in Cold Age. Gender and Aging*. New York: Routledge, pp. 7–36. Tronto J. (2010) "The Servant Problem" and Justice in Households', *Iris: European Journal of Philosophy and Public Debate*, 2(2), pp. 67–86.

The employment is irregular or illegal (apart from the Austrian case) and definitely undermines current labor law standards in nursing or care professions. So, due to the economic differential between Central and Eastern Europe, the master-servant-relationship has returned to modern, democratic societies with their developed welfare states, which are generally offering protection against the threats of misery and impoverishment posed by the capitalist market – unless you are a migrant from a poor country.

“The master-servant relationship has been one of the primordial relationships in all of Western culture. It was the prototypical relationship between the superior and inferior”¹⁰⁶.

Because this return to premodern forms of organizing care labor can justly be called a setback of political and social rights I plea for analyzing the arguments in favor of the legalization of this globalized master-servant-relationship (with very low labor law standards) as exemplary for the rhetoric of *reaction*.

My paper thus follows the ideas of Hirschman’s thought-provoking essay, *The Rhetoric of Reaction*¹⁰⁷, on the rhetorical stereotypes of conservative and reactionary thinkers who oppose an expansion of political or social rights. The point of departure of his work was the fierce criticism against the welfare state in the USA and the UK, which led the Ford Foundation to invite a think tank of experts to

¹⁰⁶ Coser L. A. (1974), *Greedy Institutions. Patterns of undivided commitments*, New York: The Free Press, p. 68.

¹⁰⁷ Hirschman A. O. (1991) *The rhetoric of reaction: perversity, futility, jeopardy*. Cambridge, Mass: Belknap Press. All page numbers in parentheses refer to this edition.

discuss whether the process of a stepwise increase of citizenship rights (as it was laid out by T.H. Marshall) would come to a standstill or even be reversed. Hirschman's intention is not to test the validity of the rhetoric of reaction but rather to reveal its stereotypical fashion with which it counters any attempt to reform. Three types of theses are described as core arsenal of the rhetoric of reaction:

1. The so-called perversity thesis, which states that any purposive action to improve society will be counterproductive and lead to a worse problem than the initial one.
2. The futility thesis claims that all attempts of social or political transformation are futile, because society is structured according to solid internal laws and can thus not be changed at all by intervention.
3. The jeopardy thesis says that the proposed reforms – desirable as they may be – will put the previous accomplishments of social and political rights at risk.

Hirschman illustrates his typology with a broad range of historical and (almost) contemporary debates about the declaration of human rights in the process of the French Revolution, the fight for democracy and franchise as well as the struggle for social rights in terms of support by the welfare state. Albeit the brilliant arguments of Hirschman would justify reviewing all facets of reactionary rhetoric, I will restrict myself here to the illustrations linked to the welfare debate.

The perversity thesis in the realm of the early discussions on welfare measures in 19th century England stated that social protection for the poor would only encourage their laziness and defective morale. Thus the New Poor Law of 1834 set up workhouses and purposively stigmatized the

poor seeking support and shelter (Hirschman 1991, p. 27). In the 20th century debate about the welfare state, Charles Murray's book *Losing Ground* (1984) counts as a powerful voice of the rhetoric of reaction, claiming that supporting the poor, such as e.g. single mothers, would only exacerbate poverty and increase the number of welfare recipients, because women would be encouraged to have children out of wedlock (p. 29). He was joined (among others) by Nathan Glazer who saw the modern welfare state eroding the communities, churches and families whose original task was to provide for the sick and poor (p. 33 ff.).

The futility thesis is somewhat incompatible with the perversity thesis when questioning the welfare state: if welfare measures fail to have any effect – because they are futile – they can hardly be blamed for worsening the situation. However, in 20th century debates about the welfare state, the rhetoric of reaction was not limited to the somewhat arrogant claim that the well-meaning reformers obviously lacked the brains to understand what terrible unintended consequences they launched with their reforms. Far more mortifying actually was the statement that welfare measures, although intended to help the needy, actually helped the middle and upper class. Gordon Tullock's book on the *Welfare for the Well-to-do* (1983) carried that argument to its extremes. Basically, the reactionaries accused the social administrators, social workers and various experts of the welfare services to only follow their own interests to hold a well paid job and thus exploit the poor by administering e.g. means-tested benefits etc. (p. 65 f.) The futility thesis can also be shaped as an accusation that welfare benefits do not redistribute wealth from the rich to the poor but rather vice versa.

The jeopardy thesis, at last, applied to the debate about welfare is personified by Friedrich Hayek who in his book *The Road to Serfdom* (1938) suspected social policy to corrupt individual freedom and democracy (p. 110). Society's freedom would be threatened by the power of the government to provide services and benefits. Conceptions of social justice would be imposed by the political élite and restrict the individual freedom. Samuel Huntington in the mid 1970s took up Hayek's argument and predicted that the crisis of modern democracies, the impossibility to govern modern societies, had its origin in welfare: The idea of equality and support for the needy, affirmative action for women and minorities, according to Huntington, had undermined the state's authority which in turn had caused the crisis of democracy (p. 118 ff.).

The interplay of the various theses adds complexity but also realism to Hirschman's argument, and can be illustrated by contemporary debates, such as the Austrian debate about elder care.

The Jeopardy Thesis – Base of the Austrian Care Regime

The Austrian care crisis is a result of comparably low investments into a comprehensive home based care system. Since introducing the care allowance, the expenses for it in terms of percentage of the GDP had actually fallen. Money for care is scarce in Austria. Still the debate about legalization was marked by the argument that Austria cannot afford the increasing costs for their elders. This argument is particularly interesting if we compare the expenses (% of the GDP) with other European countries: Austria is far

from reaching the top position, and even a model calculated by economists predicting an increase of users of professional services and recipients of care allowance for the future, only envisaged a GDP percentage for care expenses ranging between 1,96 and 2,31 by the year 2030¹⁰⁸.

Here clearly all politicians – even those of the left – followed the rhetoric of reaction by claiming that Austria risks its economic prosperity if it increases public spending for elder care¹⁰⁹. Establishing appropriate labor law and qualification standards for elder care would jeopardize the Austrian welfare state as a whole. This consequently led to a solution denying social rights to the exploited migrant women.

The Futility Thesis and the Myths of Care

The futility thesis in the Austrian care debate is closely linked to the misconceptions about care dependency. Given that one thinks that frailty calls for 24-hour supervision, it makes sense to regard the legally offered system of home based care with its short house calls as insufficient; the same would apply to the few day care centers that cover at most a third of the 24 hours.

¹⁰⁸ Mühlberger U., Knittler K. and Guger A. (2008) *Mittel- und langfristige Finanzierung der Pflegevorsorge. Studie des Österreichischen Instituts für Wirtschaftsforschung im Auftrag des Bundesministeriums für Soziales und Konsumentenschutz*. Wien. [Mid- and long-range financing of elder care. Study of the Austrian Institute of Economic Research commissioned by the Federal Ministry for Social Affairs and Consumer Protection], p. 34.

¹⁰⁹ Mazal W. (2007) 'Hausbetreuung - kritische Aspekte', *Ecolex - Fachzeitschrift für Wirtschaftsrecht*, pp. 580–583. [Domestic Service - critical aspects], p. 583.

The necessity and legitimacy of the black market care workers was often underscored in the care debate by the criticism of the expensive legal professional services. These service organizations experience a shortage of subsidized staff and thus can only rationalize by shortening the time with the clients. Further, the commissioning public authorities designed the system of home based care as *supporting* but not *replacing* the family. This view becomes a self fulfilling prophecy, since the lack of weekend or night-time service in effect calls for a family member (or domestic) to be available if the care dependent should need immediate assistance. So the rhetoric of reaction in this claim is at least partly accurate: the existing legal system of elder care is insufficient – and thus to a large part a futile piece of the welfare state – for many severe cases of dependency and for many persons with dementia. But it is questionable whether all frail older persons fall under this category, and whether it is justified that the well-to-do are subsidized to afford live-in migrants while the poorer severely care dependent stay in nursing homes.

The Perversity Thesis: Crowding Out revisited

The rhetoric of reaction applying the perversity thesis in the Austrian care debate reminds us of the crowding-out thesis in welfare debates. The latter states that the more public care is offered, the lower the contribution of the families. Therefore it is claimed that supply of elder care evokes demand and public expenditure would sky rocket. In fact, internationally comparative studies have indicated that families do not pull out when there are more services available,

but rather the care dependent experiences more and comprehensive care both in terms of instrumental help and emotional support¹¹⁰.

Further, the rhetoric of reaction questioned the legalization of these care workers as provoking a real 'care crisis'. They claimed that the legalization would be too expensive, too bureaucratic and would also scare the migrants away for fear of prosecution. Any interference of the state into the spontaneous illegal solutions would necessarily result in a crisis. Instead of providing some security and sustainability, the legalization would create an even bigger problem.

The perversity thesis was particularly successful in the negotiations about the conditions for legalization: firstly, the amnesty for illegal employers willing to legalize prevents them from the risk to pay social benefits and taxes for the past illegal employment retro-actively. The rhetoric of reaction regards black market work as so delicate a matter that it calls for lenience in order not to scare-off the perpetrators¹¹¹.

Secondly, the threshold of certified qualification of the migrants was dropped to the least possible while at the same time the competencies were raised significantly to the level of nursing care. Care work has been degraded from a low professional status to the job of a domestic. At the same

¹¹⁰ Daatland S. and Herlofson K. (2003) 'Families and welfare states: Substitution or complementarity', in Lowenstein A. and Ogg J. eds. *OASIS - Old Age and Autonomy: The role of service systems and intergenerational family solidarity*: Final report. Haifa: Univ., Center for Research and Study of Aging. Available at: http://www.dza.de/fileadmin/dza/pdf/Abschlussbericht_OASIS.pdf.

¹¹¹ Which in the case of practically immobile care dependent persons is a little far fetched. If the authorities wished to prosecute the perpetrators, this group would be easy to get a hold of.

time the standards of the legal professional services were ridiculed by the legalization, because obviously anyone can deliver care.

The Austrian solution to legalize a domestic servant for older people in the form of a self-employed care worker (“Personenbetreuer”) undermines social and qualification standards in a particularly delicate realm of employment. Since only recently (during the past 20 years) the care delivered without pay by family members or informally and irregularly by others became normalized to a regular employment contract in the home based care system¹¹².

Conclusion

What Austria experiences in the realm of elder care is similar to the situation in Germany, Switzerland, and Italy. In Germany the trend for more professional services – the benefits in kind of the long term care insurance – indicates that the female work force for informal care is diminishing. Germany also faces an influx of migrant care work from Poland and other Eastern European countries. Due to the obligatory supervision of informal care related to the long term care insurance cash benefit, the take-up of illegal work seems to be comparably lower than in Austria. Further, courts are rather strict in their verdicts concerning fake self-employment (*Verbraucherzentrale Nordrhein-Westfalen: Hilfe rund um die Uhr – (I)egal durch wen?*, no date).

In Switzerland the situation matches a grey market: the women from Eastern Europe are legal residents but have

¹¹² Bachinger A. (2010) *24-Stunden-Betreuung - gelungenes Legalisierungsprojekt oder prekäre Arbeitsmarktintegration?*, SWS-Rundschau, 50(4) [24-hours-care - successful legalization project or precarious integration into the labor market?], p. 411.

no work permit for care labor. They work as domestic servants under the regulations of local (cantonal) codes that grant a minimum wage of 18,20 SFr (= 18,86 US\$) but do not guarantee rest periods or maximum working hours. The practice in Switzerland is such that some five to eight hours per day are paid legally and the rest of the 24-hours is black market work without any securities or controls¹¹³.

In Italy, the so-called *badanti* are live-in migrant carers from poorer European, South American and African countries that have been quasi legalised by the Bossi/Fini Act of the year 2002¹¹⁴. Here too, the private initiatives complement the insufficient official care system and expenses are covered by a generous cash benefit for the care dependent. The blessing of cash benefits for long term care turns into a curse in an increasingly globalized economy with poorer countries in the immediate neighborhood. This fact led to a differential in the purchasing power of the care dependent: when using professional services of the legal system as opposed to the illegal 24-hours-care, their purchasing power (and also the supply of care) is very low. When using a black market carer from abroad, the purchasing power is comparable to that of an upper class household affording domestics. In addition, the low professionalization and the family-boundedness of long term care led to a situation, where care for older people is misunderstood as a permanent supervision job requiring no specific qualification, which makes it possible to hire cheap labor. In this constellation the rhetoric of reaction succeeded in preventing a

¹¹³ Schiliger S. and Medici G. (2012) 'Arbeitsmarkt Privathaushalt – Pendelmigrantinnen in der Betreuung von alten Menschen', *Soziale Sicherheit* CHSS, 1, [Labor market private household – commuting migrants in elder care], p. 19.

¹¹⁴ Soggi M. et al. (2003) 'Elderly care provided by foreign immigrants: lessons from the Italian case.', *Generations Review. Journal of the British Society of Gerontology*, 13(4).

care reform that would create a professional and sustainable elder care system and that would not take advantage of exploiting a work force from poorer countries in dubious self-employment.

That a center left government in Austria agrees with the rhetoric of reaction and promotes a legalization that is largely similar to what the Berlusconi government enacted in 2002 in Italy, is remarkable, to put it mildly. As the debate in Austria demonstrates, the social policy makers seem to be far too entangled in the alleged practical constraints of their political routines to see the overall pattern in the arguments. In particular, they neglect to question “what constitutes an acceptable level of human misery”¹¹⁵ for the people involved in care: currently it seems that the interests of the affluent masters are estimated as being of higher relevance than the universal access to social rights that would benefit the migrant women from the poor countries. The expectations of Joan Tronto concerning a democracy of care have yet to be fulfilled: “The best we might be able to hope for in households are more democratic forms of care, to embody the principles of expecting humans to distinguish their genuine needs from their whims (...) Whether ‘respect’ can exist without ‘equality’ is the underlying problem here”¹¹⁶.

Here Hirschman’s categories of the rhetoric of reaction help to clear the view and point at the fact that the rhetoric of reaction in the Austrian care debate disguises the intention to benefit as colonizers from the accession of poorer

¹¹⁵ Marx G. (1981) ‘Ironies of Social Control: Authorities as Contributors to Deviance through Escalation, Nonenforcement and Covert Facilitation’, *Social Problems*, 28(3), p. 242.

¹¹⁶ Tronto (2010), quoted, p. 84 ff.

countries to the European Union. Across political borders consensus was established to raise the Austrian middle class to the status of masters in a master-servant-relationship. However, “the true advancement of progressive policy, Hirschman seemed to suggest, is not the result of any particular social achievement per se. It is due rather to the real consolidation and development of democracy that it becomes self-propulsive, transforming the collective thrusts of modern capitalist society into lasting achievements”¹¹⁷.

The progressive forces of the political left in Austria failed “to make the democratic system increasingly self-sustaining”¹¹⁸ and instead joined the rhetoric of reaction by justifying an exploitative care regime denying migrant women access to social rights. To analyze the points made in the Austrian debate about legalizing migrant care work with the Hirschmanian view of the rhetoric of reaction helps to identify a road to deliberation “as an opinion forming process” (p. 169) in democratic societies and even establishes ties to Feminist economics and the plea for a democracy of care, for “(w)hatever democracy might mean, it should not begin with the assumption that some are masters and some are servants”¹¹⁹.

Q&A: Kathryn Sikkink, Marianne Egger de Campo

Kathryn Sikkink

Marianne Egger raised a very important point. That is that the voices of those women were excluded. Did you include

¹¹⁷ Meldolesi L. (1995) *Discovering the possible: the surprising world of Albert O. Hirschman*. Notre Dame: University of Notre Dame Press, p. 204.

¹¹⁸ Meldolesi (1995), quoted, p. 212.

¹¹⁹ Tronto (2010) quoted, p. 71.

those voices in your research through interviews or other means? And, if so, what did they say?

Marianne Egger

It was very difficult for me to get any information on that. I referred to other sources and I did some interviews and observations myself. These nurses would earn much less money in their own country. They think “I would rather do two weeks in a row here, 24 hours, even if I do not like this job”. Most of them are in their fifties, highly qualified – not necessarily in nursing. They are using this employment as a way of getting ahead in their material existence. With legalization they are now self-employed and have to pay their fees to the Chambers of Commerce. But, normally, they are very confused about the information about their status that the Ministry was handing out. So far it is a rather individualistic process. There is no open collective passion among the nurses yet. And, of course, there is no consciousness of this situation among the beneficiaries.

Judith A. Swanson

Hirschman's "The Passions and the Interests" from the Perspective of Political Philosophy¹²⁰

The goal of Hirschman's *The Passions and the Interests* is to challenge conventional wisdom about a particular episode in the history of ideas. That episode is the book's subtitle, *Political Arguments for Capitalism before Its Triumph*. He says that "both critics and defenders of capitalism" could raise the level of debate by understanding better the arguments that led up to the emergence of capitalism(135)¹²¹. Conventional wisdom about those arguments derives, he says, from Marx and Weber, who both viewed "the rise of capitalism and of its 'spirit' as an assault on preexisting systems of ideas and of socioeconomic relations." Hirschman presents "evidence that the new arose out of the old to a greater extent than has generally been appreciated," and thus reconstructs "a sequence of linked ideas" (4-5).

¹²⁰ Excerpts from the paper "Hirschman's *The Passions and the Interests* from the perspective of political philosophy: Athenian philosophers, American founders, and an Austrian British Economist on Human Nature and Money Making", that was distributed to participants ahead of the Conference. See www.colornihirschman.org/first-conference-on-albert-hirschman-legacy.

¹²¹ Numbers in parentheses in the body of the paper refer to pages of *The Passions and the Interests* (Princeton, NJ: Princeton University Press, 1977).

The Difficulty of Defining Interest Forecast by Plato

According to Hirschman, the idea of interest originated in Machiavelli. Machiavelli did not use the term “interest,” but he sought to identify a rational will that would guide the prince and replace the guidance of religion and morality, which Machiavelli ridiculed as unrealistic and useless (33). The concept of interest as guider of the ruler traveled from Italy to France and England. In 1638, a Huguenot statesman, the Duke of Rohan, proclaimed ‘the prince rules the people, and interest rules the prince’. Ironically, “the new doctrine of princely interest”, like the old moral and religious precepts, also warned and inveighed against indulging the passions. While the intention of the new doctrine was to constrain the prince, Hirschman says that “it soon revealed itself as rather unhelpful” because “interest turned out to be (. . .) difficult to *define*”. In that respect the doctrine of interest stood in contrast to “the traditional standards of virtuous behavior,” which “were difficult to *attain*” (34-35).

In the first book of Plato’s dialogue *The Republic*, one of the interlocutors, the blustery sophist Thrasymachus, barks out his definition of justice: it is “the advantage of the stronger, and the unjust is what is profitable and advantageous for oneself”¹²². Thus a ruler, he says (as Hobbes will also say), would be motivated only by his own self-interest to pay regard to the well-being of his subjects. In reply, Socrates disagrees: rulers don’t rule for their own benefit and

¹²² *The Republic of Plato*, trans. Allan Bloom (New York: Basic Books Inc., 1968), 344C. The Greek word translated here as “advantage” is *xympheron*. It is sometimes translated as “interest.” But for the purposes of this paper I will rely on herein-acknowledged published translations of Plato’s and Aristotle’s works, instead of engaging in philological debates.

they are not selfish. To prove his point, he makes a startling and initially confusing move: he introduces the subject of wages, and argues that practitioners of arts - whether for example the art of medicine, carpentry, or rule - “ask for wages” because every art is by definition devoted to the good of the art’s object, be it the health of the sick, the sturdiness of a house, or the justice of a city. Doctors, carpenters, and rulers need wages to care for themselves. No practitioner of art who receives wages is a selfless servant; he practices two arts - the art of money-making and his other art, and there is a perpetual conflict between the demands of his selfish art and the demands of his selfless one, the demands of his bank account and the demands of his craft¹²³. Socrates clarifies that rulers who are good and decent men seek a different kind of wage, because they “aren’t willing to rule for the sake of money or honor”. The only wage or compensation for which they are willing to rule is “not being ruled by a worse man”. Good men thus do not *want* to rule but “enter on it as a necessity and because they have no one better than or like themselves to whom to turn it over”¹²⁴.

Three points are to be noted. One, Plato raises the subject of advantage to oneself, or what is in one’s interest. Two, he connects it to need - the need for self-interest and the need for money. Three, he connects to necessity even the selfless devotion to public service. According to Harvey Mansfield, “the concept of necessity was the first essential to the construction of interest” and it was “the realism of Machiavelli (. . .) [that] put ethics under the discipline of necessity.”¹²⁵ While it would be mistaken to say that Plato

¹²³ Bloom, “Interpretive Essay” in his translation of *The Republic*, 332-33.

¹²⁴ Plato, *Republic*, 347b, d.

¹²⁵ Mansfield, “Self-Interest Rightly Understood,” 50.

subordinates ethics to necessity, it is pertinent to note that he acknowledges the physical needs of even the man who orients his life by virtue (the man has to stay alive in order to be virtuous), as well as the pull of a higher necessity felt by the good man (which Thomas Aquinas calls “conscience” and Kant, “duty”). The overall point being here that Plato recognized the complexity of the problem of defining one’s interest and, in the process of doing so, exposed the false exclusionary dichotomy, presupposed by Thrasymachus, between egoism and altruism, the assumption being that if a human being is not egoistic then he must be altruistic and vice versa.

Plato did more of course than recognize the problem of defining one’s interest. It is his answer to it¹²⁶ that made him famous and set the stage for medieval and modern political philosophers who would challenge it. The answer being the activity of philosophy itself: contemplation about what constitutes a well-lived life best addresses conflicts between need and virtue. A philosophical perspective helps human beings establish priorities between the selfish demands of money-making and all other selfless arts. As Allan Bloom explains, money being “the common denominator running through all the arts,” it is “a sort of architectonic principle” ... but “manifestly an inadequate architectonic or regal principle” because it artificially “subordinates the higher to the lower”. Bloom continues:

And the man who serves for money becomes the slave of the most authoritative voices of his own time and place, while renouncing the attempt to know, and live according to, the

¹²⁶ Developed in the rest of Book I and throughout *The Republic* and his other dialogues.

natural hierarchy of value. He is always torn between the demands of his art and the needs of the marketplace (...). The wage-earner's art is a kind of political substitute for philosophy. The intention of philosophy is to understand the nature of the arts and order them toward the production of human happiness, and to educate men to desire those things which most conduce to happiness¹²⁷.

Plato on Oligarchy and Hirschman on Capitalism: Money-Making Helps the Human Soul

Plato nonetheless has more to say about money-making and thus engages his interlocutors in the subject later in *The Republic*, in Book VIII, after they have constructed an ideal city-in-speech in Books V-VII and are talking about a lesser type of regime, namely, oligarchy. The discussion pertains to one of the most influential critiques of capitalism noted by Hirschman, which stressed its negative effect on the human spirit and personality—its “repressive and alienating effect” (132). Hirschman argues however that that was exactly what capitalism was supposed to accomplish because it arose amidst concern over the destructive forces of all other passions except avarice, which was thought to be benign. In Hirschman's words, “*capitalism was supposed to accomplish exactly what was soon to be denounced as its worst feature.*” (132, emphasis in original).

“As soon as capitalism was triumphant and (...) the world suddenly appeared (...) boring (...) the stage was set for the

¹²⁷ Bloom, “Interpretive Essay,” 333.

Romantic critique of the bourgeois order as incredibly impoverished in relation to earlier ages—the new world seemed to lack nobility, grandeur, mystery, and, above all, passion” (132). Traces of this critique can be found in, for example, Fourier, Marx, Freud, and Weber. These critiques of capitalism failed to appreciate that, in the eyes of earlier times, the world was *too full* of *full* human personality! Unrepressed human personality was a menace! (133).

Consider now Plato’s placement of oligarchy in *The Republic*. The ideal city constructed in speech by Socrates and his interlocutors is one ruled by philosopher-kings, the best men, and thus an aristocracy. Unable to sustain its alleged perfection, it decays, by stages, first into timocracy, then oligarchy, then democracy, and last, tyranny. Third in line, oligarchy, a regime that values wealth above all, ranks lower than timocracy, which values victory and honor above all. Thus oligarchy through the eyes of Plato and capitalism through the eyes of its critics are both seen as comedowns from a world more noble, honorable, and spirited¹²⁸. Yet Plato, unlike such critics of capitalism as Marx and Weber, ranks the wealth-centered regime above democracy, which emphasizes freedom to such an extreme that it welcomes into its culture all values and impulses, even those which want to overtake it. Wealth provides an orientation and set of values that the relativism of freedom-loving democracy does not.

¹²⁸ According to Hirschman, Adam Smith thought that one of the unfortunate consequences following in the wake of nascent capitalism from the division of labor and commerce in general was the loss of martial spirit and virtues. The uniformity of daily life imposed by the division of labor and the luxury afforded by commerce, make men timid, rigid, soft, corrupt, and effeminate (106).

The benefits of oligarchy emerge in Plato's account of the transition from timocracy to oligarchy. He gives a generational explanation that again mirrors Hirschman's juxtaposition of ancient courage and modern caution. A change of regime type occurs because the sons of warriors are frightened by their fathers' utter devotion to military pursuits at the cost of their own and their families' financial well-being - and even at the cost of dying - and rebel against their fathers' way of life: "The son (...) thrusts love of honor and spiritedness headlong out of the throne of his soul; and, humbled by poverty, he turns greedily to money-making; and bit by bit saving and working, he collects money"¹²⁹. The identical fear that Hobbes says is our deepest and most commonly-shared, namely the fear of sudden, violent death, is also said here by Socrates to awaken in human beings a fervent desire for self-preservation.

This fervent desire to avoid a sudden, violent death and keep oneself alive manifests itself in two ways in the offspring born under a timocracy: namely, industriousness and miserliness. Determined to ward off the impoverished fates of their fathers, they not only toil but live austere. Satisfying only their needs and never spending money to satisfy other desires they are, in a word, stingy¹³⁰. Socrates's further description of the oligarchic man identifies not only his bad qualities but also his good qualities. Forcibly holding down his desires by his general diligence, the oligarchic man acquires a good reputation in contractual relations, "because he seems to be just". "Some decent part of himself" controls his "bad desires" - including his desires to sponge off of, and to rob, others. Clearly the oligarchic man has the

¹²⁹ Plato, *Republic*, 553c.

¹³⁰ *Ibid.*, 554a.

virtue of self-control. The problem is why he has it or how he comes by it: not by education but by necessity and fear. Not taming his bad desires with persuasion and argument, he is not truly one with himself but divided, “in some sense twofold”¹³¹.

The internal turmoil experienced by the oligarchic man, which makes his whole being tremble, nonetheless proves that “for the most part his better desires (. . .) master his worse desires.” “Such a man would be more graceful than many,” Socrates says, even though “the true virtue of the single-minded and harmonized soul would escape far from him”¹³². Hence Plato’s account of oligarchy and Hirschman’s of capitalism both suggest that the demands of money-making helps more than hurts the human soul¹³³.

Aristotle on Wealth and Happiness

Overall, Aristotle agrees with the conclusions of his teacher Plato, differing from him mainly in approach and emphasis. He agrees for example that while making money is necessary, it is not the best way of life: “The life of money-making is one undertaken under compulsion, and wealth is evidently not the good we are seeking; for it is merely useful and for the sake of something else”¹³⁴. Yet one cannot be happy without some wealth because happiness entails acting nobly towards others which requires the use, loan, or gift of goods and property¹³⁵. A good man will not neglect his own material well-being then,

¹³¹ Ibid., 554a, d-e.

¹³² Ibid., 554e.

¹³³ Accordingly, many in America today think that more jobs would reduce urban crime.

¹³⁴ Aristotle, *The Nicomachean Ethics*, trans. David Ross, rev. ed. (Oxford: Oxford University Press, 1987), 1096a 6-7.

¹³⁵ Ibid., 1099a 31-b1.

“since he wishes by means of this to help others”. Moreover, Aristotle says, “he will refrain from giving to anybody and everybody, that he may have something to give to the right people, at the right time, and where it is noble to do so”¹³⁶.

Yet even those who do not do so and are not generous enough Aristotle does not simply denounce. First he says that they may have understandable motivations, such as the “experience of want”, which is more likely among those who have made their wealth rather than inherited it¹³⁷. Second, like Plato, he perceives within them worthy qualities: although they “fall short in giving” and “are called by such names as ‘miserly’, ‘close’, ‘stingy’”, they at least have the virtue of not coveting the possessions of others, which Aristotle attributes in some “to a sort of honesty and avoidance of what is disgraceful (for some seem, or at least profess, to hoard their money for this reason, that they may not some day be forced to do something disgraceful; to this class belong the cheap-skate and everyone of the sort; he is so called from his excess of unwillingness to give anything)”¹³⁸.

The theme of self-restraint returns us to Hirschman’s analysis.

Calm Passion or Virulent Passion? Aristotle saw Money-Making’s Dual Potential

Among the many contrasts that Hirschman makes, is that between money-making as a calm passion and money-making as a virulent passion. According to him, both views

¹³⁶ Ibid., 1120b 3-4.

¹³⁷ Aristotle, *Nicomachean Ethics*, 1120b 11-12.

¹³⁸ Ibid., 1121b 22-26. I changed Ross’s “cheeseparer” to “cheapskate.”

emerged in the 1700s in the work respectively of David Hume and Adam Smith, his leading examples. According to Hume, money-making represses and diminishes unruly and unrestrained passions¹³⁹ whereas, according to Smith, money-making feeds vanity and the desire for recognition that motivates it in the first place. But well before Hume and Smith, Aristotle saw this dual potential in money-making, and made a point of discussing it in the first book of *The Politics* (chapters 8-11)¹⁴⁰. There he differentiates natural from unnatural ways of acquiring wealth, natural from unnatural amounts of wealth, and even natural from unnatural uses of money¹⁴¹.

Aristotle raises the question of work, or modes of acquisition—questioning what kind is most natural to man. He identifies three kinds: farming, harvesting things from the earth (chiefly lumbering and mining), and commerce. Their relative naturalness to the life of man does not evidently correspond to their use of the land or their proximity to the physical environment, but rather to the extent to which they preserve the mind and body. The best sort of work requires

¹³⁹ Hirschman attributes this new line of thought, of money-making as a calm passion, to “the so-called sentimental school of English and Scottish moral philosophers, from Shaftesbury to Hutcheson and Hume,” who were reacting critically primarily to Hobbes. Hume says for example that “industrious professions (. . .) make (. . .) the love of gain prevail over the love of pleasure.” According to Hirschman, “Hume’s statement can stand as the culmination of the movement of ideas that has been traced: capitalism is here hailed by a leading philosopher of the age because it would activate some benign human proclivities at the expense of some malignant ones—because of the expectation that, in this way, it would repress and perhaps atrophy the more destructive and disastrous components of human nature.” (64-66).

¹⁴⁰ My commentary relies mainly on Carnes Lord’s translation of *The Politics* (Chicago: The University of Chicago Press, 1984).

¹⁴¹ For a discussion related to the following and with responses to secondary literature, see my book *The Public and the Private in Aristotle’s Political Philosophy* (Ithaca: Cornell University Press, 1994), Chapter Four, “The Economy: A Public Place for Private Activity”, and for my discussion of all of Book 1 of *The Politics* see pages 15-35 of *Aristotle’s Politics: A Reader’s Guide* (Continuum, 2009), with C. David Corbin.

the most skill, and can afford least to leave matters to chance; the most vulgar sort damages the body most; the most slavish sort relies most on physical strength; and the most ignoble sorts of work are least in need of virtue or goodness. Though Aristotle does not tie each of the three kinds of work precisely to one of the foregoing descriptions, he may respect commerce as much as or more than farming in as much as he says that while plenty of handbooks about agriculture exist, more on business are needed.

At any rate, he thought that money and commerce were reasonable developments because they derive from barter or exchange which itself derives from need. Once foreigners began importing necessary goods and exporting surplus, money was devised and commerce replaced exchange. Over time, through experience, commerce became the art of making a profit, which divorced money from need or natural sufficiency. The utility of money and commerce for natural sufficiency is paradoxically the origin of their abuse. We need them to bring goods into the city and to facilitate exchange among households, but they can be directed to the accumulation of money. Just as gluttony stems from the fact that we need some food and cannot abstain from eating, commerce for profit stems from the fact that we need some things to live and cannot abstain from commerce to obtain them. But by way of an investigation of the arts, Aristotle shows that, just as eating is not the cause of gluttony, commerce is not the cause of unnecessary accumulations of money.

The cause is desire. For every art is limited by its end, as Socrates pointed out in *The Republic*. Health limits the art of medicine; once a wound is healed or a cold cured, there is no further need for treatment. The same could be said of wealth and the art of commerce except that wealth, unlike

health, has two forms, namely sufficiency and superfluity (though a similar dichotomy with respect to health has developed with the invention of cosmetic and other elective surgeries). Accordingly, there are two different arts, one productive of each end. Commercial or business expertise productive of natural wealth and that productive of money are again very close and often confused (like eating and gluttony) because money (like food) is a means common to both. Consequently some persons think that the art of household management is to increase money or even just to hold onto it. The purpose of money, however, according to Aristotle, is to use it for useful things. Desire unsatisfied by sufficiency misuses business expertise to circulate money for the sake of more money. Money and business expertise are thus not themselves blameworthy or the root of all evil.

As if to confirm that the management of money requires both intelligence and good character, including gumption or courage, Aristotle recounts an anecdote about Thales of Miletus. Thales, having devoted his life to studying the cosmos and the pursuit of scientific knowledge, was poor. But when he was chided for his poverty he decided, in response, to make a lot of money fast. Using his knowledge of astronomy, he predicted a good harvest and rented out all the available olive presses in advance, making a killing. He thus proved that although he could make a lot of money, he did not want to spend his life doing so.

Knowing how to make a lot of money fast is useful - to households and even more so to cities, Aristotle says. Political rulers should have that sort of practical knowledge to raise revenues; some in government even appropriately concern themselves exclusively with it.

Aristotle thus establishes two points here: money-making should not be a priority, but neither should it be eschewed. If all households and cities did were to raise money, then presumably they would not have any need to know how to raise it fast. At the same time, the stark alternatives presented by Thales, between a life devoted to the pursuit of knowledge lived in poverty, and one devoted to making a quick buck, make us wonder if they are the only alternatives. Indeed Aristotle notes that although the business scheme Thales devised was attributed to his knowledge of astronomy, the principle of monopoly is business expertise that is universally available. If political rulers and household managers alike readily commanded such business expertise, then perhaps they could avoid the need to make money fast.

Thus Aristotle's discussion of modes of acquisition begins by suggesting that limited wealth in the form of goods generated by agriculture promotes a good life, and ends by suggesting that a reserve of wealth in the form of money generated by commerce does. The question of what mode of acquisition is best or most natural for man requires consideration of his constitution as a whole and his proper end. But before that he maintains that not all human beings are identically constituted and thus have different ends or functions. Evidently then which mode of acquisition is best depends on the characteristics of the person in question.

Aristotle on the Just Price Versus the Natural Price

Aristotle's endorsement of the use and accumulation of money through commerce requires a marketplace for exchange, which raises the question of how prices should be determined. In *The Nicomachean Ethics*, Aristotle discusses

“justice in exchange” or “transactional justice”, and makes a distinction between a just price and a natural price. This distinction, which concerns both spending and getting money, parallels the distinction between money-making as a calm passion and money-making as a virulent passion inasmuch as it shows that consumers can spend money well or rashly, and sellers can be duly or unfairly rewarded.

A just price is one that reflects the caliber of a good or service, such as a table, a lecture, or a cure; a producer is responsible for the quality of what he produces—a sturdy table, an organized lecture, a fraudulent cure, and thus should be rewarded proportionately for that quality. Aristotle also suggests that products have a kind of inherent metaphysical value apart from circumstances and relative to their contribution to living well; such that a book, for example, ought to command a higher price than a sandwich. But he also identifies need as the basis of price: money is merely “the exchangeable representation of need.” Different things cannot in fact become commensurate—or “commensurate enough” for exchange—except “in relation to our needs”¹⁴². Thus while a book should command more money than a sandwich, it may not if one is hungry. A natural price then is determined by the buyer’s estimate of his need and of the capacity of an item or a service to fulfill it, and by the seller’s estimate of his need(s) and of the capacity of an amount of money (its purchasing power) to fulfill them.

The concept of the just price then is an ideal, one that presumes that consumers consider their true or civilized needs. Demand should be a function of the requirements of virtue.

¹⁴² Aristotle, *Nicomachean Ethics*, 1133a 26-29, 1133b 19-20.

Aristotle recognizes however that wants do not always reflect virtue or the interests of individuals or the community but nonetheless do set prices¹⁴³. The bargained or “natural” price prevails because only individuals can determine their wants and pay to satisfy them accordingly.

¹⁴³ Ibid., 1133b 1-3.

Charles S. Maier

On the Applicability of Albert Hirschman's "Shifting Involvements" for the Historian: Notes for a Research Proposal¹⁴⁴

Of Albert Hirschman's essays on sociopolitical and historical topics – *Exit, Voice, and Loyalty* (1970), *The passions and the Interests* (1977), *Shifting Involvements* (1982), and *The Rhetoric of Reaction* (1991), *Shifting Involvements* has probably received the least attention. *Exit, Voice, and Loyalty* appeared as the Vietnam War tested many Americans' acceptance of U.S. policies and provoked responses ranging from support to civil disobedience to emigration to Canada. *The Passions and the Interests* challenged some of the hostile reactions to market society that had marked the 1960s and early 1970s. *Shifting Involvements* coincided with no such readily apparent public issues, although it can be seen in retrospect as helping to explain the revival of enthusiasm for neo-liberal economics. And 35 years later, for this historian, its theoretical perspectives may provide insights into epochal change or even a causal framework¹⁴⁵.

i. The argument of the work, which originated as the 1979 Eliot Janeway lectures at Princeton and was published a

¹⁴⁴ Paper distributed to the participants at the Conference. See www.colomnihirschman.org/first-conference-on-albert-hirschman-legacy.

¹⁴⁵ All page citations provided are to *Shifting Involvements: Private Interest and Public Action* (Princeton: Princeton University Press, 1982).

few years later, is relatively simple: namely that individuals oscillate between seeking satisfaction from private life (affective and emotional but also consumer-oriented) and from public life. “My basic point is easily stated: acts of consumption, as well as acts of participation in public affairs, which are undertaken because they are expected to yield satisfaction, also yield disappointment and dissatisfaction” (p.10). Each objective is pursued in turn, first with anticipation of fresh fulfillment and then with inevitable disappointment. The disappointments then lead the subject to turn to the other sphere, from private to public, and from public to private, in a ceaseless oscillation of commitments. One might imagine the syndrome played out in one of the less unpleasant circles of Dante’s inferno with Albert as our Virgil, pointing to the perpetually unfulfilled denizens - not quite so driven as Paolo and Francesca, but partaking of Dante’s instincts for infinitely unfulfilled (and unfulfillable) longing. Yet Hirschman implicitly rejects explaining the recurring dissatisfaction by appealing to human nature; he wants rather “to relate it to specific aspects of economic structure and development” (p.12).

Not that economists have analyzed this phenomenon; indeed it undercuts (so Hirschman claims) their fundamental notion that more of a desirable good is always better than less of it. Much of his energy goes to demonstrating how his thesis differs from their axioms:

“Both the economist and the happiness-researching sociologist think in terms of individuals pursuing an array of fixed goals or operating in terms of a set of values known to them. Now this seems to me a mistaken view of the way men and women behave. *The world I am to trying to understand is one in which men think they want one thing and then upon getting it, find out to their dismay they don’t want it nearly*

as much as they thought or don't want it at all and that something else, of which they were hardly aware, is what they really want" (p.21, Hirschman's italics).

Let us be frank: like other lapidary observations by Albert Hirschman, the argument might have been set out in an essay, not a book of 140 pages. The pace of the prose, when read in essay form (I did not hear the lectures) is relentlessly calm and measured. But like Albert's other work, it is filled with apposite and charming observations from experience, literature, and philosophy, especially from writers of the 17th or 18th century. We might be reading La Rochefoucauld or Georg Christof Lichtenberg (the latter cited on p.23). Disappointment is not "a mere temporary irritant" (p. 22), but is fundamental to the human condition. "While a life filled with disappointment is a sad affair, a life without disappointment may not be bearable at all. For disappointment is the natural counterpart of man's propensity to entertain magnificent vistas as aspirations" (p.23).

To my mind, the value of the argument lies in observations more specific than these general philosophical reflections on human character. For what Hirschman claims is that we can't overcome satiety with given classes of private goods by pursuing different sorts of private goods – too much time spent at Bergdorf Goodman will not be cured by going to Barnes and Noble, the local Apple store, or even the rugged merchandise of Eastern Mountain Sports. Rather we switch from private goods altogether and pursue public, civic commitments. There follows a brief effort to make the private-public migration fit into the exit-voice framework, which I don't think really advances the argument. As Hirschman suggests, turning toward public action is both

voice by definition and simultaneously exit from the disappointments of private consumption (pp. 62-66). So, too, the author manages to accommodate another subsidiary argument about second-order or meta-preferences (pp. 66-73). Returning to his major thesis, Hirschman goes on to deny that only people who can't afford many private goods compensate by pursuing public causes. Rather, it is well-off people who are often the principal agents in turning toward public pursuits – identified as reformist political change – which means that disappointment with private goods, not the inability to purchase them, is the major catalyst of action (pp. 73-76).

The second half of the book focuses on the sorts of disappointment that come once the actor has turned toward public participation. At this point (pp. 92-93) our author states that he will not seek to discriminate between the satisfactions and disappointments yielded by different sorts of public causes, whether, say, the PTA or Occupy Wall Street, since the payoffs from these different activities are hard to measure (although should they be harder to measure than, say, the difference between owning a Cezanne and building Mar-a-Lago?). Rather he focuses on the disappointment that comes from public commitments in general. He says this comes more slowly than disappointment with a consumer good: we do not abandon the Republican Party, say, as easily as we give up on a restaurant that has turned mediocre. But, as Bernard Shaw quipped, socialism claims too many evenings: the time commitment is often greater than envisaged in advance. And more fundamental, the compromises of principle that partisan activity can require may also prove distasteful (pp. 96-102).

I won't follow the long discussion of the paradoxes of voting and disappointments of electoral and representative democracy (pp. 103-20), after which Hirschman turns to the reversion to private life. He warns us against thinking that such a return is automatic; nevertheless ultimately the pull of private life takes hold again. The private sphere can accommodate some public concerns – it exerts a less totalizing claim than the public sphere. “Moreover, once public man reels under the accusation of hypocrisy – the charge, that is, that public action is essentially self-serving – the turn to the private life can be viewed as a move toward reality, sincerity, and even humility”. “Total immersion in the private life suddenly is felt as a liberating experience not only for oneself, but for all of society” (p. 129).

At the end, Hirschman expresses some concern about the pendulum-like swings from private to public and back again. Some movement back and forth “can be wholesome for individuals as well as for society as a whole. But such oscillations can obviously be overdone. That this is the case in our societies is the moralizing claim implicit in my story. Western societies appear to be condemned to long periods of privatization during which they live through an impoverishing ‘atrophy of public meanings’, followed by spasmodic outbursts of ‘publicness’ that are hardly likely to be constructive. What is to be done about this atrophy and subsequent spasm?” he asks, citing Charles Taylor. “How can we reintroduce more steady concern with public affairs as well as ‘genuine public celebrations’ into our everyday lives?” (p. 132). But this is a problem he defers addressing, although he suggests in passing that workplace reforms which can make labor less instrumental may help overcome the dichotomy (p. 133).

Hirschman closes by allowing himself a measure of contentment with his analysis, concluding not with the limits of his inquiry but its potential. Disappointment, he allows, can imply prior mistaken choices “and my story is, in a sense, the unfolding of successive, rather large-scale mistakes with no assurance that a disappointment-free state will ever be reached”. There is no rational actor in the story. But the human types who are his protagonists are superior to the rational actor “inasmuch as they can conceive of *various* states of happiness, are able to transcend one in order to achieve the other, and thus escape from the boredom of permanently operating on the basis of a single, stable set of preferences” (p. 134). We are a species apparently that can enjoy (and tire of) both the dross of the Gilded Age and the excitement of the Spanish Civil War.

ii. For the historian or the political analyst, there is an immediate problem to this work. The discussion is resolutely atomistic. Although Hirschman must have had large-scale public swings of mood in mind, he discusses individual choice throughout, except for the last few pages of the book. Obviously it is the great swings of history that prompt the inquiry, but how are we to go from individual oscillations between private and public to the collective swings that constitute historical change? If the mechanism depended solely on individual satiety and disappointment, first with the private and then with the public sphere, we should expect that in any large enough group these swings would cancel each other out and no great pattern would be discerned. Of course, it might be that since half of the people all of the time (though not the same half) would be seeking to impose their public utopia, the other half would be passive victims of the activists. In that case those who wanted just to cultivate their garden must hope that those engaged

in building the New Jerusalem would overlook their niche or enclave. But in any case, *Shifting Involvements* takes for granted the aggregation of cyclical behavior. For the historian, however, it is the aggregation that must be explained; the individual's scurrying back and forth is only half the story.

Hirschman might retort that his psychological theory is as applicable to history as *Exit, Voice, and Loyalty*, and that my objection is a capricious one since the mechanism is so obviously observable. But "Exit, Voice, and Loyalty" were metaphors that could serve to label choices made at any degree of aggregation, whereas the oscillation in *Shifting Involvements* is not a mere label but an endogenous mechanism. Hirschman does refer to exogenous events that might crystallize the preference shifts but he does not develop this argument.

Nonetheless, faced with the evident mass swings between periods of relative political tranquility and those agitated by public causes or between eras of frantic reform and those of supposed stagnation, there is an intuitive appeal to Hirschman's schema. His essay can be placed among the long series of histories that depend upon cyclical movements in contrast to those that presuppose a more monotonic movement, often described in terms of progress. In the West, we associate cyclical history or theories of politics with a Mediterranean mentality, sometimes suffused with world weariness. Thucydides saw recurrent patterns of class conflict and war in 400 BC; Ibn Khaldun described recurrent cycles of state vigor and decay in 1400 CE; Machiavelli likewise a century later. These perspectives do not exclude meaningful historical change or even progress, but

insofar as change is unilinear the metaphor is not the simple ascent but perhaps the spiral staircase.

iii. My personal attraction to Hirschman's book derives less from finding a general theory of historical behavior than in seeking to explain what I (and others, too) believe is a major inflection point of Western, if not global history, from the late 1960s through the decade of the 1970s. As historians and social commentators look around the current institutional landscape – the accession of would-be authoritarian bullies to power (Trump, Erdogan, Modi, Orban, et al.); the steady encroachment of neo-liberal social policies whether instituted by the Right (Reagan and Thatcher) or celebrated rather blindly by the center-left (Blair and Clinton) and intensified rather continuously; the exaltation of privatization, etc. – more and more see the 1970s as a point in which the curve of history, so to speak, changed its second if not its first derivative. What has characterized the era since these years, I would suggest, is the failure of institutions to retain the loyalties and binding force that they exerted for a long period before. Whether the mass political party, hierarchical church structures, exclusive nationalities, the encompassing discipline of collective public causes has weakened. This does not mean that people are less political, but politics expresses itself in terms of conflictuality and adversarial confrontation, not in institution building. Churches are important but they are evangelical and not episcopal.

Let me suggest a historical description –at least for Europe and the United States, but probably elsewhere as well - that is not yet an explanation and not yet a theory: For much of the era since the early twentieth century, our societies mobilized their populations in great collective efforts –

fighting the world wars, combatting the Great Depression, hunkering down for the Cold War – these were massive psychosocial contests that demanded an intense degree of public involvement. The late 1960s and 1970s released the tensions in many respects: prosperity returned, a new generation of young adults acceded to higher education and could practice a less disciplined romantic life; the cold war and the arms race reached a point of evident irrationality to many; the United States role in organizing the capitalist West weakened with its involvement in Vietnam and its abandonment of Breton Woods, etc., etc. In effect the overstretched bowstring of public discipline snapped, and the sort of reversion to private pursuits that Hirschman describes intervened and intensified

This narrative is undoubtedly far too simple, and as a historian I do not yet know how to discipline and substantiate it. What appeals about Hirschman's book – despite its failure to explain aggregate behavior – is its reliance on endogenous mood shifts. I might not use the term “disappointment” as he does and would think in terms of over-exertion and over-commitment. Nonetheless, the great movement from public mobilization and institutional engagement to the search, if not exactly for private satisfactions, but those that draw on personal loyalties, unconstrained emotional expression, and material acquisition seems striking and the great transformation that must be explained. *Shifting Involvements* helps provoke that inquiry.

Debate

Charles Lindholm

I am an anthropology professor. I am pretty much welcome at any feast. And often I say to myself: it is not my tribe. But this is not the case. Actually, it is my tribe, especially after Prof. Maier expressed a few ideas worth expanding or thinking about. First I want to remind you that according to David Hume, human beings are not driven only by hope, but by fear. And I also want to remind you of Conrad Arensberg, a great founder of development anthropology, who taught me that we have to find out what people want. In place of controlled comparisons – this is my suggestion – do uncontrolled comparisons and bring them back. Then think what it is important to control to make your comparisons. Open up your approach. Anthropologists do deep research in tiny spaces. They come up with interesting stuff, it's a variety pack. I am in favor of using those data for development projects. But first you have to be there and have an idea of what is important for the local people.

Next: I want to say something on the cultural frame. What are the passions and the interests, particularly the passions. Disappointment was mentioned as a major passion. Yes, it is a passion. But there are passions much bigger than that one. People commit suicide. Or they die for the sake of the group. Think about soldiers. It is normal. What about when people are gaining material success? Success leads to happiness when you need to eat, for sure. But, what about the man who killed people the other day before committing suicide. He

was well-off, he had houses all over the place. Why did he do it? We do not know; and we will never find it out. Material success does not necessarily lead to happiness. You can look at the suicide rate in northern countries. You can look at the high degrees of incarceration, of drug addiction here in the US. One of the reasons is certainly a lack of a sense of meaning, of significance, of belonging, of participation. So perhaps you have to look at what people value, what makes a difference for them. We have to go beyond economic success. We have to think about what Durkheim said. People need to have a place, need to be able to feel respect, respect. It is not easy to have respect. And if you don't have it, you have to bring the community together, to have a sense of belonging. What it means it is another matter: it may lead to great things, or it may lead to disaster.

Moreover, I would like to present the notion that tribalism is not all bad: it gives an identity to the members of a group. It is a place to be. It is not necessarily retrograde. In the place I was in there were servants and masters. A servant was there for life. She was like a part of the family. Even if she did not have work to do, she stayed there. She was part of a system until things broke down: capitalism came in and people became unemployed, and became Taliban. There are things we do not know, that are not in our vocabulary. Words that we do not even understand. In Japan childish dependency is considered a really good thing. People come out and beg you: please help me. For us it is inconceivable, because we like to be independent, autonomous. There is even an economic system for the poor. One more thing: the hurricanes. People come out of their homes and help each other. Why do they do that? They are not doing it for personal gain. They do it because they think that is the right thing to do. A lot of lessons can be learned from people under pressure...

Liah Greenfeld

Prof. Maier, you reminded us of a remarkably important anniversary: that is that, while we are dealing with Albert Hirschman, the Centennial of the Great October Socialist Revolution is being commemorated on the other side of the river. Would you apply any of the cyclical theories you have been discussing to the Russian revolution?

Charles Maier

The Russian Revolution would be, I think, a high point of commitment – sometimes enforced, sometimes voluntary. Looking to the history of Russia you find a retreat from that high point. I would say that after the Soviet Union was over, the '90s were in a sense the counterpart of that. The reconstruction of society failed. The party failed. We saw some of the problems that we have seen in our societies. That is: our differences undergo similar kinds of evolution. Maybe it is too simple. I haven't got into that yet. But there is a lot to be explained in our contemporary era in it. I would have liked to tell Albert when he was writing: come on, find a way of explaining how all this applies socially, to the whole society...

Vijayendra Rao

A question for Luca or Nicoletta. What strikes me about this session, and also thinking about *Exit*, is that in writing some of his well-known books Hirschman seems to be in

conversation with people that are not cited. The question is what motivates him to write what he writes...

Luca Meldolesi

One should consider how *Shifting Involvements* came out. Its first title was *Private Happiness and Public Happiness*. In Italy Hirschman wanted to keep that title: for us it was *Felicità privata e felicità pubblica*...

Charles Maier

If I were the publisher I would have said: *Delusione privata e delusione pubblica*...

Luca Meldolesi

At the time Albert was at the Institute for Advanced Study, and wanted to write a contribution somehow connected to the work he was doing there, and to the post-'68 atmosphere. *Shifting Involvements* is an enigmatic book. Here again we should make an effort to dispel the mysterious aura around it. In my view, to understand it properly one should look at personal experience. Because Albert took part in the private-public shift of the thirties - as Nicoletta and I did in the sixties. Actually, for a long time, it has been rather obvious to us that, generally speaking, in our societies the minority desire for political participation is restrained by the privatizing attitudes of the great majority. There are, however, shorter periods of time in which the politicized minority had (and probably has)

a chance. How? Because external processes (like wars) create that opportunity by strengthening some internal processes. Our recollection is that there is a trajectory of rapid awakening, a contagious epidemic that has young people as protagonists and that politicizes a (however limited) section of the society. This is how the “aggregation effect” unfolds¹⁴⁶. Probably Albert had had this in mind for a long time, and wanted to find a tentative explanation. Eventually, in his typically *prima facie* paradoxical (and also self-ironical) mood, he looked at it the other way around: to individual and the internal causes to supplement the ordinary explanations citing collective and external causes; and reversed the order of the process in Scitovsky's book. One may like his explanation or not. Personally, I am not very fond of his consumption disappointment thesis which I find rather “economicista”. But this is what we have so far...

Moreover, from an historical point of view, it would be interesting to discuss the differences between the first draft and the final version of the book. The draft was circulated among Albert's friends. They had a Conference at Berkeley, in California. Everybody criticized that draft. And the reason was that, since *Shifting Involvements* is so personal, each participant had a different story to tell: people of various ages proposed alternative solutions. Hence Hirschman reacted: considered various criticisms, made some changes; but decided eventually on what nobody expected: he “downgraded” his book. Opening its Preface, he wrote that it is essentially a Bildungsroman. You know, Albert had only one law: that is that you understand a problem wholly and thoroughly only when it disappears. I. e. his message was:

¹⁴⁶ And this is also how, conversely, it dissolves itself after a period of high tide – when movements become foreseeable in their protest, tend to be blocked, lose steam and eventually are re-absorbed through the public disappointment of the people involved.

shifting involvements exist, I have done my best to start explaining them...

Hirschman, as you know, was very committed in his youth. Then he experienced a shift. And when the '60s came around, he felt that that outbreak was indeed important. Hirschman was not an "easy man" – so to speak. He came from Germany before Hitler and developed in time a sort of premonition of what was going to happen; a "sixth sense" that helped him escape Fascists and Nazis many times. As I said, he was a man looking to muddle through. He found it rather difficult to tell you the whole story. Silence was often as important for him. He used the method of the "half truth", by asking himself beforehand what was necessary to tell, *and* not to tell: an attitude that, of course, has its advantages, but also disadvantages. Sometimes, he simply refused to say what he was doing (or had done); but implied much. Sometimes he would tell or write something illuminating that he had been thinking about. Sometimes he told you something, the meaning of which you effectively got later on. To develop a dialogue with him, one had to understand him, to enter into his intellectual "radar". At that point, he did become much more open, but never completely. The tragedies and vicissitudes he went through had this lasting effect on him: beneath his charm and kindness, he was not relaxed; he was "en guard". Take, for instance, *Exit, Voice, and Loyalty*. Yes, it refers to the US, as is clarified in Ch. 9. But, to answer Dr. Rao and the "implicit morality" problem we discussed this morning, Albert, having written it, realized that the central idea of the book – that is that exit hinders and even blocks voice – also had a more profound fountainhead: guilt. Because Hirschman did exit in time from Berlin, so as not to be caught by the Nazis. But the guilt for that decision accompanied him in life, unconsciously. *Exit* is indeed a

hidden-moral book, or was until its German edition. At that point, Hirschman realized what it was all about, and wrote it openly in a new introduction.

Sandro Balducci

As I said, I did work for a while as “assessore” at the Commune of Milan. Actually, Milan is in a very good period. And, since I was in that position, I tried to understand what was beneath that success. Being an urban planner, I saw the rediscovery of the public space, the coming out of that “privatism” that previously was very much a characteristic of a very competitive and aggressive city. And the only way I found to understand this was... shifting involvements. After a long period in which people looked for good private houses, gardens etc., there was this tension of doing something different. It was helped, of course, by local policies, but it was essentially an underground process. I wonder whether this idea of shifting involvements can be applied to cities.

Charles Maier

Yes, it think it can be applied to cities, to explain their revitalization. Boston when I came was not in great shape; neither was New York... But it is hard to say what turns collective attitudes around. I did not know what was behind *Shifting Involvements*. I took it as a document. Albert took part in research on collective processes in inflation. He was by far the most senior person in it. He liked talking to

the freshmen in it and so on. But I do think that he had a type of self-confidence we couldn't overcome...

Exit, Voice, and Loyalty

Lesley Amede Obiora

Intersecting Exit, Voice, and Loyalty: Feedback from Nigeria

I want to frame my intervention at this session within the context of Hirschman's proposition that "loyalty holds exit at bay and activates voice" to illustrate his insistence that the "coexistence of a commitment to public life with great intellectual openness seems to me the ideal micro-foundation of an effectively democratic society". This is with a view to enhance clarifications of what Luca dubbed "an alternative to the cultural and political intransigence" that has become the backbone of affronts to the healthy functioning of democratic enterprises across the globe. To this end, I will address a stint in public service that generated meaty lessons that enhanced my ethical, personal and professional growth to explore the reciprocal relationship between exit, voice, and loyalty.

My crucial inquiry pertains to why it is that contemporary state and society have not done very well building and mainstreaming the capacity to learn systematically from experiences, especially when it relates to the public sector. Actually, there is no shortage of intellectual capital among state sovereigns or in institutions they spun to marvel about the prevalence of an implicit policy orientation to recycle past mistakes under the guise of creating or amplifying value.

Introduction

The work of Albert Hirschman is even more relevant today, because not much has changed. Some of the conference speakers referenced Hirschman's legacy in rigorously striving to galvanize a space in which knowledge could unfold with vitality to urge transparency as a starting point for reflective engagement and critical discussion from where judgments can become more apparent. Indeed, aspirations to integrate morality opened up the intellectual space for candid conversations about why we have not gotten it right for the most part in development. A recurrent lesson that I derived from the consensus emerging from our deliberations at this meeting is that the rich history that defines recent global politics presents a treasure trove of instructive insights to spare us from retracing errant steps, to help us hone present practices, and to guide our intentionality in shaping the future. In this vein, my key question remains why we seem fundamentally predisposed in the development arena to repeat the failures of the past with scant meaningful consideration of the exacting costs that often flow from flawed interventions. The risk of liability help hold doctors on short-leash in conjunction with the professional ethic to first, do no harm. What is the responsibility or moral obligation of academics and technocrats to "first, do no harm" in the development arena? How do you catalyze an institutional commitment to "first, do no harm"?

What would help socialize development agencies for greater accountability? Who holds the World Bank, for example, accountable? What would it take the leadership of the organization that prides itself as a "Knowledge Institution" or "Solutions Bank" to own its past booboos and dis-

cernibly commit improve going forward? Could one earnestly look to the same Board that insiders concede enables the environment for a cascading culture of compliance to innovate? Could aggrieved entities sue Board members for the brunt of governance ills? Through what form of action? A public interest lawsuit by a civil society institutions or a borrower country? Who would bell the cat and how would such a party demonstrate standing? One could go on contemplating different aspects of possible scenarios, but the bottom-line for our immediate focus is really about harnessing exit, voice, and loyalty for learning.

Many development policies and programs have wrecked lives in the presumptive social laboratories of implementation. It is a tragic commentary on the cannons of knowledge that relevant actors are able to readily get away from owning up to the debacles of failed projects by merely shrugging or throwing up their hands in the air with the disclaimer that they really do not know how these things are working. It is not enough to say that they do not know how to operationalize or mainstream ideals into discrete and disparate portfolios. The devil may be in the detail, but no more than as with other problems outsourced to professional consultants to trouble shoot. The problem is that development practitioners are able to get away with the destructions that trail the wake of their interventions. It is not enough to ritualize a rite of passage from regrets or act surprised as if "oops, that didn't work out" and then move on to tackle the next hot button issue. There is an urgent need for circumspection in routinizing sensitivity to the risk of incurring concrete liability due to failed projects.

For academics, it is interesting that the word governance was used first in the context of University, given the lack of

responsibility, accountability and constructive dialogue that are touchstones of governance. If academic leadership were truly committed to "solving pressing problems", they would figure out how to socialize a generation of scholars whose ears are trained to hear and who are less prone to hide behind the veil of academic freedom to proliferate irresponsibility. Perhaps, if there are real consequences from failed interventions that assess damages to hit cherished pecuniary interests, institutional leadership will take seriously the urgency of figuring out how to cultivate a consciousness and culture oriented to learning. Shifting norms and changing behavior about failure has to start with the leadership and political will.

As a perceptive comment aptly cautioned, insofar as development is not a thing that can be accumulated in a bank and transferred as an asset, development knowledge must be about embracing and learning from uncertainties. Apparently, Hirschman navigated the uncertainties by embracing them. What would it take to foster learning as a core value to bridge important gaps across the spectrum of objectives pursued in the name of development? In material respects, the private sector integrates a learning orientation by institutionalizing the infrastructure for research and development. Because corporations are accountable to shareholders who hold their feet to the fire, they cannot afford to be making the same mistake consistently and still expect that they will remain profitable in business. Why is it that the sovereign states do not comprehensively promote the ethos of learning and their offshoots seldom internalize an effective capacity to harness gains from steep learning curves, even as hard as they try.

These thoughts foreground my own curiosity about how to learn from setbacks that I suffered during my tenure in government to ensure that other people coming behind me are less susceptible to or better equipped to weather similar obstacles. Listening to the various speakers, I kept asking myself what I would do differently if I had the opportunity to serve again as an Executive Cabinet Minister for the Federal Republic of Nigeria. It occurred to me that one thing that I would really want or perhaps even insist on and encourage the administration that appoints me to do would be for somebody to give me an orientation about the intricacies of the office that I swear an oath to uphold. This would have been a relatively more cost-effective and efficient preparation to discharge the responsibilities of the portfolio that the President assigned to me. An in-depth orientation training for incoming Ministers has promise to alleviate the drawbacks of the crisis-management approach to leadership to which executives default where the principal throws the mantle on them with the expectation that they are well-equipped to hit the ground running right from the start presumably with some reserve of native intelligence about existing conditions. The protocol for such an orientation would embody a primer to socialize for civic virtue as a core value for public service and animate scenarios that demonstrate Hirschman's allusion to the reciprocity of exit and voice.

The sort of orientation that I envisage as beneficial would additionally deepen consciousness about leadership as an art of self-transcendence. I invoke the definition borrowed from Michael Carey as a reminder of the logical extension of the duty of care that ought to inhere in the call to serve. In my perspective, obliging to serve ought to elevate public good over self-interest for policy judgment and decision in

a manner that conditions service as a commitment as opposed to a convenience. Considering the hiccups of Nigeria's nascent democracy during the period that I served, it would have been useful to build the capacity of an incoming class of ministers to brace themselves intentionally for resilience as loyal functionaries with ownership stakes who are actively inclined to prioritize voice as a paradigm for problem solving with exit as a last resort. This would equip them to interrogate deliberately a temptation to approach decision-making as a proxy for the principal at whose discretion they serve. This mindset fosters a cult of exit and a perception that one is inaugurated into cabinet pre-armed with an escape valve to exit at will in the face of dissatisfaction while acting within the scope of office, rather than duty-bound by the oath of office to stand her ground as a co-owner and co-creator in statecraft. A noteworthy caveat is that an ad hoc orientation does not suffice as an adequate substitute for systematic leadership pipelining and succession planning.

In other words, we tend to look to our president or our principal to condemn what they did not do or what they did not do right, when in actual fact, we ought to look in the mirror and take a cue from the image that stares back: You! You are as much a leader as your principal authority, especially for the purposes of your ministry; you are neither a puppet, nor a mere vicarious vassal. By virtue of being a cabinet executive, history may well adjudge you as complicit as other elites that you criticize for the failures of the administration. Granted, there may limited bandwidth to prevail on your superior to course correct. However, critics have endowed us with considerable knowledge about the so-called Power of One.

My story

On June 13, 2006, I heard from a journalist that President Olusegun Obasanjo announced my nomination to be the Minister of Mines and Steel Development for the Federal Republic of Nigeria. A few days later on June 19, I met the President for the first time in my life. In course of an introductory breakfast, he asked what character trait appealed most to me. I said “courage”. He asked, “why not loyalty?” I affirmed that they were not mutually exclusive, but that courage was of immediate higher order for me. For much of my tenure as his cabinet executive, I enjoyed his unequivocal support. Subsequently, we disagreed on an issue that I deemed determinative, so I resigned on principle. My decision was not readily reconcilable in a worldview that prioritized loyalty. However, my work with him post-office left him in no doubt about my loyalty to Nigeria. I will elaborate on these experiences to illuminate some instructive insights into the complexities of the relationship between exit, voice, and loyalty.

When President Obasanjo appointed me to serve as the Minister of Mines and Steel Development, I had no forewarning, interest, or preparation for this. I have eleven years of tertiary education, including a terminal degree. However, all of my higher education is in law. I knew nothing about the intricacies of the technical minerals sector to distinguish my candidacy for this particular position. At any rate, I did serve and various scorecards commend my salient contributions as innovations. Given the compelling agenda to diversify our economy, the government had identified the strategic potentials of the mining industry, which amplified the importance of the ministry the President tapped me to lead.

Nigeria was mainly a single commodity economy. After the discovery of oil, we focused almost exclusively on its exploration, extraction and sale as the mainstay of our economy. The turbulent fluctuations of the oil market signaled a handwriting on the wall that revealed forcefully the imperative to diversify the economy. Revitalizing the minerals and mines sector required extensive reforms and the government had secured a loan from the World Bank to facilitate this work. Due to an unfortunate set of circumstances, I determined that some senior civil service bureaucrats were colluding with some vested interests to exploit the loan in ways that reduced it to a mere petty cash facility that was at once subjected to squander and plunder.

Upon due consideration, I decided that I did not really want the blemish accruing from this outrageous anomaly on my conscience nor could I stomach it being associated with the record of my term as minister. Accordingly, I suspended the loan without qualms, especially in anticipation of conscientious remediation of the disbursement vehicle. It is crucial to emphasize that this was the only pot of money set aside to underwrite the costs of rationalizing the ministry and implementing necessary programs to create the enabling environment to stimulate the moribund sector. This meant that I had my work cut out for me. The burden rested squarely on my own shoulders to go and find alternative funding to defray the requisite reforms that my principal vehemently charged me to put into effect. The good news is that I was able to leverage the broad support and cross-sectoral goodwill I enjoyed to mobilize the resources I needed to do my work.

The President endorsed my action when I suspended the loan. Nevertheless, as elections drew closer, he called and said something along the lines of "Leslye, some of our party chieftains actually won competitive contracts under the World Bank loan. Because you suspended it, they have not been able to fulfill their contractual obligations. They need the income to fund the election. It will be helpful for you to reinstate this loan so that they can perform and be paid what is due". I sought to explain to him that it was not in the best interest of Nigeria's sovereignty for me to reinstate the loan. This was because the World Bank had not addressed my due process concerns and I was not willing to take immediate responsibility for history judging the Obasanjo administration harshly for sanctioning questionable practices.

I fully appreciated the validity of generating revenue in the twilight of the administration to campaign for candidates who are likely to continue vital reforms. At the same time, I was not convinced that the hierarchy of need rose to a level to justify subordinating, let alone sacrificing, national interest for political expedience. Therefore, I disagreed with my principal on a win-win resolution of this matter. In light of this impasse, I tendered my resignation, saluted the President and took my leave of his cabinet. Despite widespread reservations about Obasanjo's leadership style as reminiscent of a former military General cloaked as a civilian President, he actually earned my respect as a formidable leader. Nonetheless, trying to short-circuit repercussions that emanated from the vacuum of a disciplined program to methodically plan for succession and the backlash from the tenure elongation debacle that plagued his office seriously fractured the integrity of his efforts to lead change coherently with ideals that he espoused. Electioneering

pressures compounded this problem and not being a politician, I opted to duck out the way of what invariably struck me as disruptive horse-trading.

In due course, I returned to my professional commitment in academia. For me, “voice” integrated “exit” and enlivened “loyalty”. I did not default to exit because deeply entrenched vested interests sought to thwart reform initiatives I rolled out to pipeline structures and processes that will help nurture the enabling environment for growth. I only resolved to vote with my feet when I determined that my principal opted to elevate politics over a core principle that I considered non-negotiable. On exiting formal public service and returning to my professional commitment in academia, the advantage of hindsight compelled me to come to terms with the significance and opportunity for loyalty to bridge my exit and voice. As many pondered how I could boldly resign a highly coveted appointment with an equally choice portfolio, I reassured them that I missed teaching and research. In retrospect, the security of tenure was subliminal in the solace I took to resort to scholarly inquiry as a framework to cultivate a robust capacity to voice my discontent and agitate for meaningful change.

This epiphany was transformative for me for two main reasons. First, it was humbling in bringing home to me the incongruity of my being compared with dislocated functionaries and career politicians who were still hanging around the corridors of power, soliciting successive appointments as a livelihood strategy. Second, it gave me great empathy for the challenges of public servants in my country, which crystallized a turning point in my orientation and gave me the facility to temper courage with loyalty in the expression of solidarity with others willing to “light a candle than curse

the dark”. I invoke this metaphor in this vein to underscore the degree to which loyalty vehemently asserted itself to reconcile the tension between exit and voice for the purposes of my ongoing striving to be the change that I want to see in the world.

Given that from 1991 to 2004, I never went back to Nigeria because of the unremitting bad press attracted by the perennial problems confronting the country, it would have been convenient for my resignation to seal my exit and retreat from strenuous civic engagement. However, I had come into an unshakable appreciation of the debt of service that I owe. Indeed, my growth on this dimension was driven by values that were on a continuum with the impetus for my resignation. Thus, I could not escape a chronic crisis of conscience that ensued as I deeply reflected about Nigeria’s perennial leadership challenges and a viable way forward. In my formative years, I was a Brownie who rose through the ranks to champion the causes of the Girl Guide as an officer and in turn advanced to high-ranking leadership as a Ranger. Many who know me would enthusiastically corroborate my self-characterization as a Nigerian who is really quite fiercely dedicated to Nigeria, warts and all.

On occasion, Obasanjo’s Chief of Staff, General Mohammad, enjoined my perseverance and persistence in the throes of frustrations with the succinct reminder that “Nigeria belongs to all of us”. In retrospect, I found parallels between the injunction and a poignant observation by Clarence Paige. Clarence Page, a Chicago Tribune Columnist, once concluded a tribute to Dr. Martin Luther King with the question, “What makes a good leader?” Presumably underscoring the innateness of leadership as if to restate the proverbial adage, “ask not for whom the bell tolls, it tolls

for thee”, Page retorted to his own question, Page asserted, “Don’t ask, just look in the mirror. *Just look in the mirror*”! (Emphasis added). What I took from this admonition was that it would be confounding, if not simply irresponsible, to “shake the dust off my feet,” exit, and then turn around to lament the deficits I fingered and spurned to escape. Post-office, reflecting from the safe distance of academia, there was no escaping the reality that the “[bell] tolls for thee”. This consciousness provided a constructive twist or pivot to bring the force of my loyalty to bear on leveraging my exit to enrich my voice. It inspired my convening the Leadership Enterprise for Africa’s Development that allowed me to collaborate with Obasanjo to reframe accountability and help foster conditions for Africa to learn its way out of compelling crises of state.

The privilege of being one of a handful of persons selected from among a population of close to 200 million citizens and subjects to share governance responsibility at such a high level simultaneously exposed me to the problems of, and prospects for, reform. A burning desire for relief from relentless inundation with seemingly intractable problems of reform in an unconducive atmosphere amplifies exit as a problem-solving paradigm, if one’s perception of the benefits of a respite outweighs the attendant burdens of an unquenchable thirst to make a difference as a critical stakeholder. To my mind, the dilemma captured by this scenario demonstrates Hirschman’s conclusion that “loyalty holds exit at bay and activates voice”. The dissonance between my patriotic orientation or socialization and the way that I exited my ministerial appointment precipitated my crisis of conscience. To assuage this dilemma, I reached out to my principal after he had handed over to a new administration to ponder key takeaways from my “voice” and “exit” for

our collective well-being. It says a lot about President Obasanjo's intellectual openness that he genuinely embraced my invitation to collaborate on initiatives that I formulated under the auspices of the Leadership Enterprise for Africa's Development (LEAD).

Persuaded by my proposition that Africa can actually learn its way out of besetting leadership troubles, my former boss threw the full weight of his support behind LEAD and invested considerable energy to work with me to put in place a mechanism to cultivate a learning community to operationalize its vision, mission, objectives, strategies and actions. In this vein, we joined arms and started reaching out to select former presidents across the continent in a bid to figure out how to draw down lessons from them as a way to build the capacity of incumbent and prospective executives and managers to do better or to fail forward. Nigeria alone had seven former presidents, so there was no short supply of who to enlist. Obasanjo himself was now an erstwhile President. In fact, one could count him twice in that role, since he was first a military head of state before becoming an elected civilian president. Nigeria's sitting President Buhari ranked among our targets, as he had also been a military head of state before his popular election to preside over the country's fledgling democratic consolidation.

Conclusion

My ministerial appointment culminated in my exit. However, I preceded and succeeded that finale with profound expressions of voice that bear reiteration in closing. To the best of my knowledge, my unapologetic suspension of the

World Bank loan remains on record as an unparalleled ministerial repudiation of state complicity in imperialistic circumventions of the right to self-determination masquerading as development aid. The promulgation of the community participation mechanism that I championed in the Mining legislation that at least one doctoral thesis critically acclaimed as an innovation was a resounding commentary that memorialized a pivotal lesson from the Nigeria Delta crisis that rocked the country during Obasanjo's regime. Owing to this crisis, Nigeria may well have been the only country that lost money when the price of oil was at an all-time high. This was mainly because the activities of Niger Delta militants precluded optimization of production. Had the government and oil companies heeded the modest demands for equitable inclusion by oil-producing communities, the cost of carrying the communities along as stakeholders could have paled in comparison to the foregone alternative. My sensitivity to this absurdity partly accounted for the salience of my voice in mandating a percentage for host-communities in the distribution of profits from minerals development.

The imperviousness to reason and subversive efforts of the World Bank, coupled with the futility of wrestling with a quintessential strongman who was my boss compelled me to come to terms with the reality that exit can be golden. Judging from my experience, exit is the best option to deal with some situations and loyalty enlists voice to reframe accountability for exit and/or its drivers. This goes to a crucial point from Hirschman which was not that exit is bad, but that exit and voice work best together. My exit did not reform the Sustainable Mineral Resources Program funded by the loan from the World Bank. In fact, Nigeria proceeded to arrange an additional facility to keep funding the

program. However, the record speaks eloquently for itself regarding how much value the Ministry added or wasted in connection with the loan. The vindication of my discontent by history reinforces my voice in curating the conditions for the effectiveness of governance reforms in Nigeria.

The trajectory of my ministerial tenure and life post-office give force to my observation to President Obasanjo at our preliminary meeting about courage as a paramount virtue. Looking back at what unfolded since the fateful day of my appointment buttresses my case to reinforce learning through rigorous capacity-building. If I have the opportunity to influence an orientation training for incoming appointees, I would predicate the tenor of on a curriculum that draws extensively from Albert Hirschman's *Exit, Voice, and Loyalty*. This is a view to sensitize the enrollees as to the limits of their individual ability and the imperative for a moral grounding that enjoins them to live the change they desire vis-à-vis nation-building.

Vijayendra Rao

Deliberation inequality in a Hirschmanian context

The work I will talk about brings together three elements of Hirschman's thinking: *Exit, Voice, and Loyalty*, *Development Projects Observed*, and *Getting Ahead Collectively*. Basically, the idea is the following. The working of democracy is generally described through exit: i.e. getting out from under people you do not like. But democracy has also a deliberative component. I am going to talk about how to foster that – i.e. the voice part of the story. Because that deliberative component in the development world (to try to make the world a better place in poor countries) is very much about *Development Projects Observed*. Because it is about trying to harness poor people to discover the hiding hand – as Hirschman called it. And unleash it. And then of course add to that engagement with accountability between citizen and government.

A few years ago along with some other people I started a social observatory, which is really Hirschmanian. Because our observatory has engaged on a daily basis with a very large project which affects millions of people – four hundred million in this case with a budget of five million dollars – to teach iterative learning and change. Now, to do iterative learning, you have to be inter-disciplinary: economists, sociologists, political scientists, behavioral scientists and computer scientists all working together. They focus both on measuring outcome and on

understanding a very important process; as well as on adding a feed-back loop between our understanding and what is going on in the project. My team is not in Washington D.C. It lives as much as possible with the project, constantly engaged with it. I have people that have been living with the project staff for three years.

India's 73rd amendment was passed in 1992: among other things, it brought democracy to the villages. All of India's two millions villages have a village council, democratically elected for six years and supervised by an independent election Commission. These elections have reservations for women, to improve their participation in politics: one-third of the Presidencies and one third of seats in the Council are reserved for women. What is important is not only elective democracy: embedded in that space is a deliberative space that we call *Gram Sabha* (GS). It has four meetings a year and takes very, very important decisions on budget allocations, on public goods, on the selection of beneficiaries for private goods. It is really the business of using voice that makes the Council accountable. And in fact it is the largest deliberative body in human history. It affects two million villages and there are eight million people participating in the assemblies: it is huge. We've been trying to study this stuff for a while and we have been working with this program to understand it better.

Deliberative space is crazily important in development. In the last fifteen years, the World Bank alone has put aside 90 bn dollars for investments in this kind of thing. But how it works in poor countries – that is, in low literacy environments, caste ridden, with high inequalities, gender

inequalities etc. – we do not know. Our paper¹⁴⁷ is on gender inequalities. The question is how we study that. Just to give you a sense of what there is in this rather technical paper, what we did is that we recorded 100 GS, each of about two hours. The idea was to use a new technique, a statistical method, on texts. Each speech – somebody saying something – is a document. We analyzed fifty per cent of what was said in those meetings by citizens, elected politicians and officials, by gender. The big topic was water: water allocation, beneficiaries, services, tanks, etc. – a lot of stuff. Not surprisingly, as a percentage and in terms of length of speeches, meetings were dominated by men.

Are these GS meaningful spaces of deliberation? To what extent does the topic I speak about affect the next person's (or the following five persons') speeches and the agenda power? The agenda-setting power of males and females is not that different, but citizens have more agenda-setting power than officials. That tells you something about the space. That citizens are really trying to say something meaningful to do something useful. Second: the responsiveness of the State. When I say something as a citizen, does the official respond to me on the same topic? What you see from responses of many, many elected leaders is that there is huge gender inequality on that. The bosses are more likely to listen to men. But we have an experiment here. One third of seats for residents, randomly allocated, are reserved for women; and it is interesting to note that when the President is female women listen more – so that the fixing of the gender gap seems to work.

¹⁴⁷ Reference to the paper *Deliberative Inequality. A Text-As-Data Study of Tamil Nadu's Village Assemblies*, that was distributed to participants ahead of the Conference. See www.colornihirschman.org/first-conference-on-albert-hirschman-legacy.

These are meaningful spaces for citizen deliberation. They are not spaces in which people are talking nonsense – even if they are pretty illiterate (seventy percent). Citizens dominate the discussion. You see the “hiding hand” coming up again and again. People are pushing in different directions: confronting corruption, confronting different issues of the village. There is even a lovely incident where you see people of low cast challenging people of higher cast in this space. True, this space is strongly affected by gender inequality; but it can be fixed by affirmative action.

All this means that this political space, which to me is one of the most remarkable spaces around the world right now, is strongly Hirschmanian. Because it has those element of using voice while keeping the exit option in mind. Exit and voice are working together: exit because elections come round every six years; and voice because of what is going on in between two elections. The politician who is running the meetings is acutely aware that he is going to run for re-election. In that case, voice inevitably has a green field, because, if the politician stops it, he will be punished at the polls. That disciplines the voice space. Exit and voice create loyalty; and also create the ongoing process of feedbacks on accountability and learning-by-doing between citizens and elected officials. I am not here to argue that these spaces are wonderful everywhere. They are not. But, here again, keeping Hirschman in mind, this part of the constitutional space has had time to evolve. In fifteen years it has been getting better, and better, and better. And becoming more literate, rural citizen are now more and more informed and engaged in those spaces...

Rajiv Sethi and Lisa Son

Dimensions of Voice¹⁴⁸

Lisa Son

I am an experimental psychologist. I came to know Albert before I knew any of his works. As assistant professor I had the opportunity of getting a sabbatical and my colleague Rajiv suggested that I should apply to the Institute for Advanced Study. I did. And luckily the theme of that year – they had a different theme each year – was economics and psychology. So it was a perfect fit. I had very interesting conversations not only with Albert, but with Sarah, who was just a great conversationalist, with Clifford Geertz and other well-known thinkers. I was so young and naïve, and did not know a lot of economics that was behind what the discussions were about. I have a lot of good memories; I even cooked Korean food for Albert and Sarah...

Being invited to this Conference, Rajiv and I started thinking together what we found interesting in the thinking and work of Albert. We talked a lot about different pieces of *Exit, Voice, and Loyalty*. And one particular interest for me, being Korean, is that there are certain cultures, like in North Korea, where there is not always the option voice or exit...

¹⁴⁸ Excerpts from a paper “Dimensions of Voice” that was distributed to the participants ahead of the Conference. See www.colornihirschman.org/first-conference-on-albert-hirschman-legacy.

Rajiv Sethi and Lisa Son

The power of voice¹⁴⁹ can damage as well as uplift. Although hurtful and offensive speech in the United States is constitutionally protected in most instances, it is often met with social sanction and reprimand. There are certain words that cannot be uttered without arousing scorn-racial epithets and highly charged misogynistic terms for instance. Those who wish to exercise voice in this manner cannot do so without cost, and are therefore most likely to rely on chat rooms or comment feeds in which voice can be exercised under the cloak of anonymity.

Given that speech is policed and judged, there are strong incentives for individuals to publicly express views that they may not hold, or to disguise or suppress views that they do. This is what Timur Kuran refers to as preference falsification: speech (or silence) that “aims specifically at manipulating the perceptions others hold about one’s motivations or dispositions”¹⁵⁰.

As Glenn Loury has observed, naïve communication, “where a speaker literally states all that he thinks and/or an audience accepts his representations at face value-is rare,

¹⁴⁹ Hirschman, Albert O., *Exit, Voice, and Loyalty. Responses to Decline in Firms, Organizations and States*. Harvard University Press, 1970.

¹⁵⁰ Kuran, Timur. *Private truths, public lies: The social consequences of preference falsification*. Harvard University Press, 1995, p. 4. Preference falsification may even arise when one’s statements are anonymous, as in opinion polls to forecast electoral outcomes; such falsification was implicated in forecast errors in the British elections of 1992 and 2015 and has come to be called the shy Tory factor (Fisher, Stephen D., and Michael S. Lewis-Beck. “Forecasting the 2015 British general election: The 1992 debacle all over again?” *Electoral Studies* 41, 2016).

and foolish, in politics”¹⁵¹. Using Shakespeare’s *Julius Caesar* to illustrate, he notes that Mark Anthony begins his eulogy with the words “I come to bury Caesar, not to praise him”, and then proceeds to praise Caesar profusely. Anthony repeatedly refers to Brutus as “an honorable man” but manages to convey precisely the opposite message. In contrast with the “naïve, guileless, literal” speech by Brutus that precedes it, Anthony’s oration is far more effective and consequential.

Loury defines political correctness as “an equilibrium pattern of expression and inference within a given community where receivers impute undesirable qualities to senders who express themselves in an ‘incorrect’ way and, as a result, senders avoid such expressions”. People withhold expressions that they expect will be deeply unpopular in the communities in which they live and work, and the content of expressed speech can therefore start to deviate substantially from the actual opinions held in the community.

But community norms regarding what qualifies as acceptable speech vary widely across time and space. What may be routine in one environment may be subject to shaming in another, and individuals may be sanctioned for political speech that they consider to be completely innocuous.

These issues achieved great salience during the 2016 presidential campaign in the United States. A few months before the election, Conor Friedersdorf published an email exchange with a young Trump supporter in which the latter specifically complained about being labeled a fascist and

¹⁵¹ Loury Glenn C. “Self-censorship in public discourse: a theory of “political correctness” and related phenomena”. *Rationality and Society* 6, no. 4, 1994, p.431.

racist for expressing views that were in the national political mainstream, but were considered outrageous within his own narrower community¹⁵². The young man confessed to hiding his beliefs for fear of “ostracism and shame”. This factor appeared to have been decisive in his support for Trump, whom he perceived to be shattering norms of political correctness.

The suppression of voice in one dimension can result in its amplification in another. In the case of Friedersdorf’s correspondent, self-censorship in the workplace went hand-in-hand with a heightened desire to exercise voice in the voting booth. In other instances the response has been to take to social media, where anonymous communication is frequent, and speech that would be shunned almost everywhere is widespread¹⁵³.

Uncensored and anonymous messaging applications such as *Yik-Yak* and *Gab* have allowed for the public expression of fringe views without fear of shaming, and some institutions have responded by banning the apps themselves. Apple and Google, which together control 98% of the mobile operating system market, have both denied their users access to *Gab*, and *Yik-Yak* shut down after being banned at several colleges¹⁵⁴.

¹⁵² Friedersdorf Conor. “A Dialogue With a 22-Year-Old Donald Trump Supporter”. *The Atlantic*, May 27, 2016.

¹⁵³ Many journalists and scholars received virulently racist and anti-Semitic anonymous messages during the 2016 election season. For a sample directed at the distinguished political theorist Danielle Allen see <https://storify.com/dsallentess/trumpsupporters>.

¹⁵⁴ See Renn Aaron. “How Apple and Google are censoring the mobile Web”. *New York Post*, August 21, 2017 on *Gab*; and Graham Jefferson. “Yik Yak, the once popular and controversial college messaging app, shuts down”. *USA Today*, April 28, 2017, on *Yik-Yak*.

Friedersdorf's prediction that the election of Trump would empower "white supremacists and anti-Semites who already seem emboldened by his rise" has since come to pass. In August 2017, a white nationalist rally was held in Charlottesville, Virginia, with marchers voicing open support of the Ku Klux Klan and advocating an ethno-nationalist state. One of the marchers drove a car into a crowd of counter-protestors, killing one and injuring several. Such a large, coordinated and highly visible display of racial animus has not been seen in America for at least a generation.

As Emily Badger has noted in the *New York Times*, "the line between acceptable and ostracized views has started to become less stark"¹⁵⁵. Badger quotes Tufts sociologist Sarah Sobieraj on white supremacists as follows: "For all these years, this is a group of people that's been very bitter about the fact that they feel like they can't speak (...). It's not just that their policies haven't been popular". Such individuals are now finding their voices, coming out of the shadow of anonymity and out into the public sphere.

Even if the silencing of these voices were feasible, it is likely to be counter-productive. Psychologists have long understood that "attempted thought suppression has paradoxical effects as a self-control strategy, perhaps even producing the very obsession or preoccupation that it is directed against"¹⁵⁶.

¹⁵⁵ Badger Emily, "The Showdown Over How We Define Fringe Views in America." *New York Times*, August 21, 2017.

¹⁵⁶ Wegner Daniel M., David J. Schneider, Samuel R. Carter, and Teri L. White. "Paradoxical effects of thought suppression". *Journal of Personality and Social Psychology* 53, no. 1, 1987, p. 5.

The act of restraint required to suppress the articulation of one's thoughts, or to express views contrary to one's opinions, is cognitively demanding. In some cases the resulting dissonance can result in a change of one's privately held opinions¹⁵⁷. However, if speech is suppressed while the underlying thoughts are maintained or magnified, other pathological effects can arise. The act of such suppression draws on "some limited resource, akin to strength or energy", resulting in "ego depletion" and poor performance on difficult tasks that also require acts of willpower¹⁵⁸.

The capacity to exercise willpower can be replenished, but sustained ego depletion over an extended period of time can result in violence: "highly controlled people who seem to snap and abruptly perpetrate acts of violence or outrage may be suffering from some abrupt depletion that has undermined the control they have maintained, possibly for years, over these destructive impulses"¹⁵⁹.

Yet restraint in the exercise of voice is viewed as a virtue in some cultures. In Japan, for instance, it has been argued that self-restraint is "seen as the appropriate behavior of socially mature adults"¹⁶⁰. Similarly, in Korea, "suppression of verbal aggression and avoidance of confrontation are highly esteemed personal qualities"¹⁶¹.

¹⁵⁷ Festinger Leon, and James M. Carlsmith. "Cognitive consequences of forced compliance", *The Journal of Abnormal and Social Psychology* 58, no. 2, 1959.

¹⁵⁸ Baumeister Roy F., Ellen Bratslavsky, Mark Muraven, and Dianne M. Tice. "Ego depletion: Is the active self a limited resource?" *Journal of personality and social psychology*, 74, no. 5, 1998, p. 1252.

¹⁵⁹ Baumeister et al., quoted, p. 1263.

¹⁶⁰ Hamaguchi Eshun, Kumon Shumpei, and Mildred R. Creighton. "A contextual model of the Japanese: Toward a methodological innovation in Japan studies", *Journal of Japanese studies* 11, no. 2, 1985.

¹⁶¹ Roberts Miguel E., Kyunghye Han, and Nathan C. Weed. "Development of a scale to assess Hwa-Byung, a Korean culture-bound syndrome, using the Korean MMPI-2." *Transcultural Psychiatry* 43, no. 3, 2006, p. 384.

For some individuals, the long-term effects of such restraint can be dire. The specifically Korean folk illness *Hwa-Byung*, loosely translated as anger-syndrome, has been linked to “suppressed anger of long duration”. Patients diagnosed with this disorder exhibit both psychological and physiological symptoms, including fear of impending death, acute panic, palpitations, and abdominal pain. It has been speculated that this condition can give rise to explosive violence, as manifested in two mass killings at American universities¹⁶².

The expression of voice in the United States is far less constrained, by culture and by law. Nevertheless, there are spaces in which the boundaries of acceptable speech are fiercely contested. In March 2017, protesters at Middlebury College shouted down a planned speech by Charles Murray, and disrupted the broadcast of a livestream interview. Professor Allison Stanger, who was to be the interlocutor for the event, suffered whiplash and a concussion after being assaulted by protesters¹⁶³. Stanger, a self-described liberal, lamented the silencing of Murray, a controversial conservative¹⁶⁴. She pointed out that many conservative students on her campus were “in the closet, afraid to speak their minds for fear of being denounced as reactionary bigots”.

As George Orwell wrote more than seven decades ago, words such as *fascism* have essentially lost all meaning through sweeping and imprecise use, and now vaguely signify “something not desirable”¹⁶⁵. Perhaps the same can be

¹⁶² Specifically, the shootings at Virginia Tech in 2007 and Oikos University in 2012. Kang Jay Caspian. “That Other School Shooting.” *New York Times Magazine*, March 28, 2013.

¹⁶³ Seelye Katherine. “Protesters Disrupt Speech by ‘Bell Curve’ Author at Vermont College.” *New York Times*, March 3, 2017.

¹⁶⁴ Stanger Allison. “Middlebury, My Divided Campus” *New York Times*, April 3, 2017.

¹⁶⁵ Orwell George. “Politics and the English Language.” *Horizon* 13, no. 76, 1946.

said today of such terms as *reactionary* for those who voice conservative views, and *un-American* for those aligned with progressive causes. Such expressions are used to silence rather than refute, and manage to impoverish language in the process.

Albert Hirschman loved language, and often combined deep thoughts with playful expressions. Here, in his words, is an example¹⁶⁶:

One of my recent antagonists, Mancur Olson, uses the expression “logic of collective action” in order to demonstrate the illogic of collective action, that is, the virtual unlikelihood that collective action can ever happen. At some point I was thinking about the fundamental rights enumerated in the Declaration of Independence and that beautiful expression of American freedom as “the right to life, liberty, and the pursuit of happiness”. I noted how, in addition to the pursuit of happiness, one might also underline the importance of the *happiness of pursuit*, which is precisely the felicity of taking part in collective action. I simply was happy when that play on words occurred to me.

As Hirschman fully recognized, this happiness of pursuit has a darker side, as when collective action by one group targets and terrorizes another. What is unclear is whether free expression of objectionable thoughts acts as a catalyst

¹⁶⁶ Hirschman Albert O. *Crossing boundaries: Selected writings*, Zone Books (1998).

for such violence, or a safety valve that makes violence less likely.

The boundaries of acceptable speech will always be contested. But if Hirschman was right to insist that the need to exercise voice is irrepressible in humans, then any attempt to contain objectionable speech is bound to be futile or worse. Enforced silence can build pressure, and the dissonance it creates will eventually find alternative outlets for loud and forceful release. Such is the paradox of peer-induced censorship: voice can be shifted and shaped and shoved elsewhere, but simply cannot be entirely suppressed.

Lisa Son

To illustrate one point. From the psychology perspective there are a few experiments related to whether negative results of thought repression are real. Take a well-known experiment. A group of people should be thinking to white bears for five minutes. And another group of people should not be thinking to white bears for five minutes. After that they are told that everyone should think to white bears. For the people who previously had to suppress thinking to white bears that thought becomes chronic. They experience an explosion of white bears thoughts in the next session. This idea that when you suppress your thought in any way, actually it will backfire has an analogy with something we are more familiar with, like dieting. Do not think to that cake; do not think to that cake. When you are stressed or distracted, you eat the entire cake. This is the kind of applied research you can see in laboratories. What is the mechanism? Why is it that that may occur? There is this idea that we have limited amount of resources to put aside

for controlling ourselves. So that if you suppress yourself or are unable to express anything you want, it is going to come out later in different ways. Another experiment: people were forced to eat radices or forced to eat chocolates. To eat radices you have to overcome your aversion to wanting vomit. So those who eat radices are going to give up earlier. So you have different negative consequences if you have to suppress something for some period of time. It may be some kind of stretch. But you can imagine something that can happen to this dark side of the matter.

Debate

Alexander Gourevitch

These remarkable papers make me think of another paper that Albert Hirschman, my grand-father, wrote: “Against Parsimony”. Here he suggested that the problem with economic theory is not that it is very abstract and theoretical, but that it is not theoretical enough, it has not developed its internal architecture. Because it is parsimonious. Now the papers of this session seem to do the same thing with *Exit, Voice, and Loyalty*. One of the things that is so arresting and appealing about that book is that a small number of concepts seem to express everything. And yet these particular papers and presentations suggest that the concepts of exit, voice, and loyalty also need their own internal architecture.

The first of my comments in on Lisa and Rajiv’s paper. One of the ways in which voice is suppressed is by a particular kind of exercise of voice. Condemning, anathematizing, shaming, demoting, denigrating, judging constantly become not a way of expressing, but a way of suppressing voice. Its primary purpose is to suppress other people’s attempts to exercise voice. It is a rehabilitation of an argument made by J. S. Mill and Miller in the 19th century. And the real tragedy is that there is no alternative way of opening voice back up. There are no legal institutions or exit mechanisms that protect us against these particular ways of exercising voice. The only response is counter-voice. So a piece of architecture on voice literature might be distinguishing between voice expression and voice suppression. And there

may be other lines. For instance the 20th century was the century of propaganda. It is not quite the same as political correctness; it is about overwhelming and colonizing the public sphere, about using those expressions of voice - e.g. through TV - that make it impossible for other voices to be articulated.

Another piece of architecture on voice literature might be the distinction between institutionalized and non-institutionalized settings for speaking. So Prof. Rao's paper reminds us that certain institutional settings can make voice more or less effective. On the one hand it seems that these GS have strengthened the voice of people in general. But, on the other, it is clear that without the complementary institution of affirmative action it favors a set of voices, male voices, versus female voices. And the particular power of a set of voices will depend upon the way in which the setting is institutionalized; which raises the question of what role there is for non-institutionalized exercise of voice, like social movements, protests or counter-institutions. But formal institutional voices and non-institutional voices are not equal.

Obiora's experience makes me think. When you are a minister, when you are at the peak of a power structure (as opposed to when you are not), your voice has an enormous weight, because of the institutional power behind it. But on the flip side, I found interesting your exit decision. You were in a conundrum. On the one hand, you had the enormous weight of a particular kind of voice; but, on the other, you could not say what you wanted. So when you did exit, it turned out that exit was a complement to voice: insofar as it was not the threat of exit that made voice strong; but that, in exiting, you actually said what you wanted to say.

Exit became a condition for the possibility of speaking; but also weakened that very power. It is to me a particular possibility that is not in the book, but you dramatized it sensitively in your presentation.

I would say two more things. First: in all these papers and discussions there is a very important distinction between direct voice and mediated voice. I think most of the discussion in the literature that cites Hirschman assumes that there is a direct connection between speakers: it is not mediated. But the limit of it, and perhaps the institutional limit of GS, is that you can only influence other people you are talking to. You do not have a way of speaking on a larger scale without mediation or representation. And we want to be able to speak on a larger scale because we want to influence, have an impact on issues that have a scope much wider than any other direct or immediate conversation we can have. But this raises the question of how we analyze different mediated forms of conversation. All the questions raised come up. For instance: what are the ways or means of mediation that people use to suppress their anger, fear, or shame? I suspect that the dynamics of political correctness are not directed into one conversation. They are a function of the transmission of cultural norms and so on. And this probably could not be resisted without other institutions, other counter-practices. The GS makes decisions about things they can do. But there are decisions about national or international matters that GS cannot make. You need other things, like institutional representation, political parties, social movements. They speak with one voice; but only by limiting what each individual in the community gets as influence. Thinking about the distinction between direct and mediated voice seems to me to be another piece of the puzzle.

Moreover: in the original book, exit and voice are described as ways of exercising power – either in the market or in political life. But the distinction that is not made is when the power is consensual vs. when it is coercive, forcing. It is clearly a discussion on political correctness. The use of voice can be coercive, shaming, stigmatizing: something about the power to really suppress certain activities, not an act of persuasion that is somehow consensual. Unlike certain kinds of access to exit (i.e. when an individual ceases to buy a certain good or to vote for a certain representative, it is an automatic, very consensual adjustment in the market), it seems that there is another kind of distinction we can think about: when the exercise of exit or voice is a way of changing institutions consensually vs. when it is a way of coercing people into changing them.

William Lazonick

I met Albert Hirschman as a graduate PhD student in economics at Harvard in 1970. There was a group of radical economists there, at the time. And Professor Hirschman, as he was called, asked the radical economists to nominate a student to talk to him on *Exit, Voice, and Loyalty*. It was me. A copy was given to me of the book, which was just out. I read it and talked. Incidentally, I got to know Albert much better, twenty years later, at the Institute for Advanced Study.

Actually, I never used that frame of *Exit* explicitly, but I know many economists that have done so. I remember that Hirschman used as an example an organizational decline in Nigeria. That struck me as a basic difference; and still

strikes me now. Because I think what is wrong with economics is that it cannot deal with organizational success. And basically it cannot deal with business enterprise – whether it employs ten, or twenty, or a hundred thousand, or two million people or more, as in Walmart. And if you cannot deal with success, you cannot deal with failure, either.

The importance of this, for *Exit, Voice, and Loyalty*, is that if you were a white collar worker in the post-World War II US, you basically had a company with pension benefits, health coverage¹⁶⁷, and also, after thirty years, severance pay based on your service. White collar workers had that without unions, blue-collar workers with unions. The basic principle of unionization in this country was seniority, protection of seniority. And people who had blue-collar jobs, well into the eighties (when the situation changed dramatically), basically became part of the middle-class through those companies. And their children were also able to move up. I have been doing some work on upward and downward mobility. We have had a lot of upward mobility in the post-World War II US – also by means of the GI bill, free education etc. So there was a building of a middle-class. Not an organizational failure in the market, but the organizational success of large corporations. I will come back to this: something economists do not understand.

The other side of this is that if you look at the composition of the people who were beneficiaries of that organizational success, until the late sixties they were almost uniformly white males. I am looking now at black employment. The

¹⁶⁷ The reason health coverage is in such a mess now is that after World War II people working for a company of any size were given health coverage...

Civil Rights Act in 1964 and then the Equal Employment Opportunity Commission mainly benefited women and blacks. It was assumed, at the time, that the way to upward mobility was by moving up within an organization. You could do it by a semi-skilled job in a corporation. Lots of blacks moved into those jobs. But then all that disappeared in the early eighties. And, when that happened, nobody cared¹⁶⁸. Ultimately, the white working class got that as well. This brings us to Trump. “Make America strong again” means “Make America white again” in the real sense of the word. It used to be: if you are white and high school educated, you had a middle-class existence. But that has been allowed to erode.

Why did that happen? Part of the responsibility, I think, lies with economics, liberal economics. Because what is wrong with what economists think is not parsimony, it is not that neoclassical economics is too parsimonious, it is absurdity. Basically, millions of students are taught every year by PhD economists that the most unproductive, inefficient firm is the foundation of the most efficient economy, because it is calling for competition. Of course, this is nonsense. The largest corporation, say General Electric, is a massive market imperfection (in the neoclassical sense). Therefore economists have no way of dealing with either success (and people who live with this success and are part of it) or failure. You have a loyalty to people, to a company, which is the foundation for a middle-class, which in fact can only happen if you increase productivity and can afford to pay them. The economy becomes successful on that basis. And then some people come in and use the argument of

¹⁶⁸ In the late eighties life expectancy for blacks was already going down; and we now have so many blacks in jail: from mass production to mass incarceration, one might say.

exit. I have long been a critic of maximizing shareholder value, of that ideology. Basically what they say is: “no, that money is mine”. Actually, I think that Albert Hirschman’s framework fits extremely well if you turn it on its head and apply it to how some people use exit to take advantage of it, to take money out of companies and have nothing to do with creating value.

Entrepreneurial Activities

Renato Bruno

Hirschman's theory in business management practice

Participating in the work of this Conference on *Hirschman's Legacy* gives me great joy for several reasons:

- it gives me the opportunity to share a cultural experience with friends who to some extent have a cultural background similar to mine;
- it gives me the opportunity to publicly thank Luca Meldolesi, Hirschman and the other intellectuals who have influenced and guided my education. I have thought many times how lucky I am to have had these encounters;
- it gives me the opportunity to tell you, in the brief time this conference allows, of an experience that is fully a part of *Hirschman's Legacy*.

Beginning with the title of the conference: *First Conference on Hirschman's Legacy: Theory and Practice*, and considering that the *Theory* is very well and authoritatively attended to, I will go immediately to the area of *Practice*, where I easily find my comfort zone.

Just the mere reading of *Come complicare l'economia*¹⁶⁹ produces an immediate feeling of understanding between

¹⁶⁹ Albert O. Hirschman, *Come complicare l'economia*, ed. by L. Meldolesi, Il Mulino, 1988.

Hirschman and a reader whose daily life is spent running a business. After all, in the Italian language the word “Impresa” itself evokes something complicated, difficult, exhausting...

All the economic and managerial theories that start by simplifying their premises for the ease of argumentation, lead to theorems and schools of thought that potentially cause enormous damages. We move from a virtual world, posited as simple, rational and one-dimensional, into a real world that enjoys making life complicated (making it beautiful!) and in doing so takes on the task of demonstrating the fragility of preconceived models when they are tested in the real world.

Almost all economic and managerial theories start with the paradigm of an individual motivated solely by decisions based on economic judgments, whose behavior is implemented after a calculation of costs and expected benefits. Theories based on this assumption claim to explain to us how our clients, competitors, suppliers, company employees, etc. will behave. Fortunately, Hirschman devoted a lot of his energy to taking this paradigm apart and I was lucky enough to come across his teachings in time. If in my business experience I had based some of my strategic business decisions on these theories I would have caused considerable damages, as I have seen other economic operators do. Strengthened by a motto we have in the company, *never assume*, and comforted by reading Hirschman and Meldolesi, who helped me not feel completely crazy (this was very important to me) I was able to make decisions that went against the grain, to the dismay of the stakeholders and the financial world.

This is what happened in 2005, when all our competitors outsourced production to countries with lower labor costs. I made the decision to open a second plant in Italy, located in the north in one of the most expensive areas in terms of production factors. The same intellectual arsenal allowed me to make another courageous decision: to open a branch in England rather than in Asia in 2006. The same applies to the policy of internalizing production processes, which we implemented starting in 2000 and which was considered pure heresy in Europe and in Italy in particular, especially after the 2008 crisis.

The natural empathy with Hirschman's thinking that one feels reading *Come complicare l'economia* is sublimated, for myself on a personal level, when I read the splendid pages in which he judges the preparation of development projects as unnecessary and sometimes downright damaging. How can we avoid making the comparison with the Business Plans that take up so much of a company's energy? I think business plans, along with quality plans and the most imaginative certification procedures, all products of recent managerial practices, are what constitute the real danger for the survival of the Amazon forest.

Personally, I have always cultivated a strong aversion for strategic business plans and related evaluation plans in support of decisions based essentially on discounting from cash flow. There are many reasons for this aversion, but the most important is precisely the observation taken from Hirschman on the damage caused by simplification in the construction of economic models.

These models give immeasurable importance to all the evaluative features that can be turned into numbers, such as for

example labor costs, while all those features not easily transformed into a number and thus not “discountable” are overlooked and therefore only marginally influence the proposed decision-making process. One only need consider the impact on the image of a product or company when the production site is a low-cost country, or the demotivation of the staff when they see lost job opportunities and begin to think of the future as uncertain thanks to a policy of outsourcing. Is that marginal?

But there are many other elements that can be transferred from Hirschman’s teachings to business practices that the context of today’s Conference prevents from being fully examined and which will surely be the focus of specific in-depth examinations. I will just cite a few.

For over twenty years I have been the full-time manager of the family business founded by my father. I would divide my experience into two phases. A first phase was dedicated to the development of the original company, which produces electric generators. It began in the early nineties, first with a strong drive toward internal growth and later with a strategy of targeted acquisitions that allowed us to grow internationally.

A second phase began in 2013, when we started sector diversification with a series of investments in companies operating in the automotive components and heating sectors. These were investments in companies that were in trouble, in some cases on the verge of bankruptcy, and the goal was to re-launch their businesses.

In both these experiences I had the opportunity to put into practice a Hirschmanian and Meldolesian approach in the

management of these businesses. After all, managing the growth of a business that in 10 years has increased its turnover five fold means in a broad sense managing development. It affords the opportunity of verifying in the field, for example, the principle of unbalanced development. I am essentially a “serial un-balancer” of company functions as a means of reaching a new balance at a higher level, only to immediately put this into question in such a way that the process will continue.

In a continually growing environment like the one I manage there is constant tension between the commercial and the production sector. The former argues that you cannot increase sales without first increasing productive capacity. The latter claims that it makes no sense to invest in productive capacity without certainty about sales... For more than twenty years now I have continued to create imbalances using phases in which I make sure that the level of sales grows so as to justify increased investment in productive capacity. When these investments are made, I see to it that they are large enough to create an imbalance in the other direction putting pressure on the sales department to fill plant capacity until the imbalance goes the other way. If you observe my company on the time axis it looks like a seesaw. Highly entertaining.

In the same way it is possible to apply other Hirschmanian mechanisms to managerial practices, from cognitive dissonance to self-subversion and so on.

But it is especially in managing a troubled company, in order to re-launch it on the market, that there is a real possibility and need to deploy the entire range of Hirschman's

teachings: from the principle of the hiding hand, to *fracasomania* (the failure complex) and upstream connections. In a company in crisis there is always a high level of hidden energy that needs to be unearthed and set free. Action must be taken at the organizational level, but especially at the level of motivation and of fully leveraging internal resources, to subdue the *fracasomania* complex, which has taken root precisely because we are talking about a company in crisis.

Time does not permit me to dwell further on these issues, but I would like to conclude with a consideration of Hirschman's work and of the possibilism that pervades his theory and practice. In our working group, we have always considered the Colornian and Hirschmanian approach applicable to all the company's components because it instills the principle of taking responsibility for behavior that tends to increase the common good. Among these components, entrepreneurs surely have no more right than anyone else to award themselves a prize for managing the public interest; but perhaps they have a greater inclination to embrace the possibilism that permeates the work of Colorni and Hirschman. This is due to the fact that if you are not possibilist to the core you cannot be an entrepreneur. Biologists can have a view of the world that is not possibilist and still pursue their profession. An entrepreneur who is not possibilist just isn't an entrepreneur!

How can an entrepreneur not love those who have made possibilism a mental habit? Possibilism is a precondition of business activity; and this means that it is among entrepreneurs that there will be fertile ground for spreading the ideas that are dear to us and can bring so much benefit to

society. It will then be the mechanisms through which different realities influence each other that will do the rest of the job...

Paolo di Nola

Turning obstacles into allies

I am a manager in an Italian Government Agency, Invitalia, which runs important programs of development dedicated to Southern Italy. In my work I have always tried to take an entrepreneurial approach akin to the methodological lesson offered by the great Hirschmanian intellectual experience. My presentation concerns some solutions I found in the managing of a public project for the restoration of the archeological site of Pompeii.

But before that, let me say that I'll take away many ideas from this Conference. I've seen a lot of connections with my own last 30 years of activity. Still today I consider myself a disciple of Luca Meldolesi and Nicoletta Stame. I've learned a lot and I'm still learning from them... Actually, however, when we do something we may not know whether it is *Hirschmanian*! We naturally do our job with what we have in mind: solving the problems we run into in the realization of a task, or of a project.

The focus of my presentation today will be the restoration of the extensive ancient archeological site of Pompeii. Over three centuries, the ruins of Pompeii have been exposed to the elements, and to extreme weather conditions as well. The structures of the houses and of the public buildings of the town were in need of important and radical restoration and conservation.

The archeological work carried out in the last 50 years had been ordinary maintenance and not the systematic restoration of entire blocks, or of the entire town. The project I am talking about was the first systematic intervention that the Italian Government has attempted to launch in most of the ancient town of Pompeii. Together, the blocks of the town covered 44 hectares of land, which is the same surface as the Vatican State.

When we planned the project we encountered many problems: technical; organizational; institutional and so on. The latter were the most prevalent, and included the opposition of the beneficiaries of the project and its realization themselves: on the one hand, the administration of the site, called the Sovrintendenza (a local branch of the Italian Ministry of Culture and Heritage) which is a specific organism of the Italian Government; on the other, a large and important part of the academic world of Italian archeologists.

For a project, obtaining good results without the alliance of the beneficiaries can be extremely difficult. It is even more so for a project with a fund of over one hundred million euros. The point of view of the archeologists reflected the typical rhetoric of the leading role: they feared their loss of control over the project. We tried numerous times to create this alliance, but it was always turned down. The other side – the Sovrintendenza – had a weak organization and a lack of specialized staff for such a large project: few technicians and without managerial skills.

The clearing of these obstacles seemed to be essential for the realization of the project. But we started the project an-

yway, without the initial alliance of the beneficiaries. Nevertheless, we paid maximum attention to all the archeological and structural problems of the town, and we engaged, in the course of the first phase of project implementation, a skilled staff of technicians at the highest level of scientific and professional capabilities.

This decision proved to have been right. In fact, after the realization of the first five interventions, the opponents joined the project's side. After two years of activities all the most important Italian archeologists became our strongest allies, and the Sovrintendenza took on the role of the author of the project – after having rejected it. But, retrospectively, this was beneficial for the outcome anyway!

A lot of methodological reflections emerge from this experience, in particular these two:

1. The importance of being able to understand “the other side of the moon”. You must force yourself to think like the other player: with the opponents' point of view. By this approach you can “find the diamond in the rough”. In this case, the diamond was the perception that a successful positive action was in the making. That's why the opponents decided to become allies. Clear and simple. And the key to opening the door was the determination to continue without looking back and without the prerequisites of the alliance.
2. Human beings are the core of every process. Even if we are dealing with institutional figures we have to interface with the human components of the organization, especially in order to elevate its capability

towards the realization of the project. By empowering the staff of the Sovrintendenza we were able to have a new real ally in the project. This aim required that a program for administration empowerment should be run at the same time as the conservation program; that was another job. But, by empowering the administration and its staff, we obtained the transformation of an opponent into a new resource for the implementation of the project.

Starting from two obstacles we found ourselves with two strong and fundamental allies. Actually, it was the Hirschmanian suggestion of the “hiding hand” that provided the solution to this huge problem. You can’t find the diamond if you are not aware of the unexpected effects of human action.

This is only one example of all the initial difficulties of the project, and of the good and unexpected outcome we got. In fact we estimated the effect of the realization would be 2,700,000 visitors a year. Instead, there was an unexpected number of visitors: today the effective result is much better: 3,300,000! The capability of the project staff to put the basic obstacles in a dark corner allowed to us to reach, and go beyond, the target.

Irene Magistro

The power of failure and the courage of creativity¹⁷⁰

“I have not failed. I've just found 10,000 ways that won't work.” - Thomas A. Edison

Fifty years ago, in 1967, Albert O. Hirschman published *Development Projects Observed*, in which he explained and applied the principle of the hiding hand. In a *prima facie* paradox, social planners in underdeveloped countries have to be unrealistically optimistic (of course, within certain limits); if they're realistic, then no projects are undertaken. They have to underestimate threats and their own responses to failure. They have to overestimate the likelihood of success. They have to neglect a set of possible and unsuspected threats to profitability and even to project's existence. The link to planning fallacy starts here. But sometimes through human creativity, they figure out unexpected solutions. The hiding hand beneficially hides difficulties and the result is just as expected or even better than they thought. This is secured by providential ignorance.

Two techniques play a role in this: 1. “Pseudo-imitation” is when planners-entrepreneurs think their project is a direct application of an extensively successful and well-known technique, making the tasks seem less arduous; 2. The

¹⁷⁰ Excerpts from the paper “The Power of failure and the courage of creativity” that has been distributed to the participants ahead of the Conference. See www.colornihirschman.org/first-conference-on-albert-hirschman-legacy.

“pseudo-comprehensive program” technique is when planners-entrepreneurs buy into the illusion that all answers have been found, by other trusted researchers or institutions, and for this reason all that remains is faithful application. No need for imagination or creative energies. Both techniques imply a lack of knowledge of all the elements needed to proceed in a deeper analysis.

*Development Projects Observed*¹⁷¹ was recently republished as a Brookings Classic in 2015, with a preface by the author dated 1994, where Hirschman himself gives an explanatory interpretation of the stories told applying the principle of the hiding hand, which weren't “meant to hold any immediately applicable *practical* lesson. Yet did have a purpose closely connected with my hidden agenda: to endow and surround the development story with a sense of wonder and mystery that would reveal it to have much in common with the highest quests undertaken by humankind” (p. XVII). Moreover, “when [he] wrote the book in the middle 1960s the scientific determination of correct investment choices seemed to be within reach. In the U.S. Department of Defense, under the leadership of Robert McNamara much was made of new methods of allocating available funds to various purposes (...) the PPBS – planning, programming, and budgeting system – that acquired considerable prestige. In the World Bank, investment choices and decisions were similarly expected to be made more rational through various devices known as ‘shadow prices’, ‘social benefit cost analysis’, and other sophisticated new techniques” (p. XVI). In this intellectual atmosphere the chapter dedicated to “The Principle of Hiding Hand”

¹⁷¹ A. O. Hirschman, *Development Projects Observed*, Brookings Institution Press, 2015. All page citations provided are referred to this edition.

was “close to a provocation. Nothing could be less ‘operationally useful’ than to be told that underestimating the costs or difficulties of a project has on occasion been helpful in exciting creative energies that otherwise might never have been forthcoming” (p. XVII).

This analytical view by the author was not taken into consideration by all his detractors: the principle of the Hiding Hand received some criticism. Scholars and practitioners looking for clear, replicable appraisal standards were disappointed, including promoters of ex ante cost/benefit analysis. With his Hiding Hand, Hirschman pointed a finger at cost/benefit analysis, which enjoyed high prestige among World Bank experts, and his targets responded in kind. Others found Hirschman’s arguments “unconvincing”.

The article, however, had an immediate impact; this much has to be noted. Hirschman’s ideas were picked up by policy makers and practitioners—from Washington’s policy establishment to the United Nations, to the World Bank and development agencies around the world. Andy Karmark, head of the World Bank’s Economics Department, told Hirschman: “You’ve helped in part to remove the unease that I have had in reflecting on the fact that if our modern project techniques had been used, much of the existing development in the world would never have been undertaken. It may be that with a further working out of the ideas that you explore in this chapter [Chapter One, “The Principle of the Hiding Hand”], we can avoid this future inhibitory role of economists”¹⁷².

¹⁷² Quoted in J. Adelman (2013), *Wordly Philosopher*, Princeton University Press, p. 405.

Despite the critique, nearly 50 years after its initial publication, *Development Projects Observed* is still going strong, with a celebration of its ideas, including the Hiding Hand, by Malcolm Gladwell in *The New Yorker*¹⁷³, a dedicated study by a professional historian of the genesis of the book calling it “groundbreaking”¹⁷⁴, and the new edition, which includes an enthusiastic foreword by Cass Sunstein emphasizing the importance of the Hiding Hand.

Today, in spite of favorable and opposing theories, the value of “The Principle of the Hiding Hand” must be acknowledged to have brought to light a concept that has gained enormous importance: the power of failure, which triggers the first and foremost quality of every entrepreneur, creativity. Hirschman was delighted by human foibles and even more, he celebrated human creativity.

In Hirschman’s words, “Creativity always comes as a surprise to us; therefore we can never count on it and we dare not believe in it until it has happened. In other words, we would not consciously engage upon tasks whose success clearly requires that creativity be forthcoming. Hence, the only way in which we can bring our creative resources fully into play is by misjudging the nature of the task, by presenting it to ourselves as more routine, simple, undemanding of genuine creativity than it will turn out to be” (p. 11-12). Ignorance as a precondition of progress.

¹⁷³ M. Gladwell, “The Gift of Doubt. A.O. Hirschman and the Power of Failure”, *The New Yorker*, June, 2013.

¹⁷⁴M. Alacevich, Michele, 2014, "Visualizing Uncertainties, or How Albert Hirschman and the World Bank Disagreed on Project Appraisal and What This Says about the End of 'High Development Theory'," *Journal of the History of Economic Thought*, vol. 36.

Hirschman's positive approach to the entrepreneurs' decision-making process makes it easy to think that they will implement solutions that look attractive but are hard to achieve. The entrepreneur takes risks but does not see himself as a risk-taker, because he operates under the useful illusion that what he's attempting is not risky. Then, trapped mid-stream, people discover the truth – and, because it is too late to turn back, they're forced to finish the job.

Success grew from failure: FailFaire

In current descriptions of the entrepreneur in the 21st century, allocated in the new fast business environment populated by startups, the e-economy, incubators, and accelerators, the power of failure is one of the major aspects of success, fostered by innovation, creativity, strategy and execution. Vijay Govindarajan, author of *The Three Box Solution: A Strategy for Leading Innovation*, synthesizes the innovation equation with the combination of three variables: strategy + creativity + execution.

The need to experiment and fail inexpensively in execution is where most of the focus is these days. Ironically, the relatively low risk and low cost of experimenting with seemingly dead ideas during Creativity is still one of the keys to lowering the high risk, high cost and high rate of failure in Execution. Companies like Facebook -- which encourages employees to “move fast and break things” -- and Pixar -- which tells workers to “fail early and often” -- are examples of successful American companies finding that the best way to succeed is to fail, and fail repeatedly. According to John Maxwell's *Failing Forward*, the average entrepreneur fails 3.8 times before he or she finally makes it in business.

There is a new place where every failure is celebrated as a lesson for success: the FAILFaire conference, a place where they de-stigmatize failure, and talk about progress, innovation and success. FailFaire itself is an expression of creativity, a reaction to the unknown world of possible mistakes. The entrepreneur, in this case, has created his/her own trusted source of knowledge, almost like a pseudo comprehensive program technique. The ability to take risks, learning from others' mistakes.

“Not talking about [failure] is the worst thing you can do, as it means you're not helping the rest of the organization learn from it,” said Jill Vialet, who runs the nonprofit [Playworks](#). “It gives [the failure] a power and a weight that's not only unnecessary, but damaging”. Vialet instead supports failing “out loud” and “forward,” meaning that the people involved in the failure should speak about it openly and work to prevent history from repeating itself.

This next level of an improved hiding hand started in 2010, among members of the non-profit community, from an idea of Katrin Verclas, who is with a non-profit group in New York called MobileActive. She wanted to provide an opportunity for people to learn from the mistakes of others: “Development is a field with finite resources, and so the less money we waste, the better. And part of that is learning from the things that didn't work, so that we don't endlessly repeat them”.

Together with this periodic event to discuss failures and learn how to avoid similar mistakes, there are other promoters of the same idea: DoSomething.org, a nonprofit that supports social change among teenagers, holds a bi-annual

Fail Fest conceived and hosted by its chief executive, Nancy Lublin. Others publish their failures for the world to see. Engineers Without Borders Canada, which creates engineering solutions to international development problems, publishes a “failure report” every year alongside its annual report. “I only let the best failures into the report,” said Ashley Good, its editor. The examples that are published, she said, show people who are “taking risks to be innovative”.

Building a culture of openness to failure takes time and consistent effort. Continuing on this path it would have been interesting to see Albert Hirschman’s reaction.

Francesco Cicone

A short story¹⁷⁵

My story pertains to the experience shared by a group of young and tenacious students and collaborators of Luca Meldolesi. It started out in a rather ‘artisanal’, chaotic way, only to develop over time, in ever more structured and organized patterns: always engaged in re-interpreting in a new and proactive way the concepts of “structure” and “organization”; to make them functional to the introduction of elements of dynamism: casting aside rigidity, bureaucratization and preservation of the status quo.

The first leg of this journey was an experiment I conducted with the Government of the Calabria Region, and that led to the establishment of the FIELD Foundation, where, at different times, I acted as Vice President and Technical Director.

Right up, let me say that one of the first criticalities I encountered was to strike a proper balance between the public and the private dimension - both from an operational and cultural point of view, and from a formal and administrative perspective. This was the challenge that kept us very busy with varying degrees of success. Precisely in this undefined, dangerous and treacherous area, suspended in between the public and the private, as well as in the positive

¹⁷⁵ Excerpts from a paper “A short story” distributed to the participants ahead of the Conference. See www.colornihirschman.org/first-conference-on-albert-hirschman-legacy.

energy that our work generated, you can find the most intimate essence of our efforts and the challenge that Luca Meldolesi launched to the South. A challenge that some of us decided to meet: engaging in a positive contamination and in a new model of the Public Administration, through the enhancement of individual talents and personal accountability in a public environment.

This narrative highlights the experience we lived through in the FIELD Foundation: connecting the efficiency of the institution to the participation of civil society, linking Public Administration to Local Systems, through a scrupulous, daily, discreet but effective work of motivation and support called “animazione ed accompagnamento”. It was meant to leverage a positive mutual contamination: for efficiency to generate participation, and for participation to promote efficiency through a practice of sharing and disseminating (rather than favoring the concentration of power). In a constant evolving process, where history (and within it the imperfect and ever changing architecture of democracy) seeks the right balance between a democratic state and the civil society.

To say it in a nutshell: hand in hand with the ethics of personal responsibility, the democratization of civil society (and of the territories) and the democratization of institutions (and of the Public Administration) converge and eventually coincide with the very concept of Democracy. As a result they coincide with the development and progress of the individual and economic, social and institutional systems. This may be the “missing link” that we have toiled to integrate through the years spent developing this experience.

It is clear, in my mind, that this was a key-policy choice, an option to tap public and territorial energies, to promote a liberation management applied to the Public Administration, and a creative process applied to local development policies, capable of expanding over the territory, from within offices, and vice versa. Beyond the culture of legitimacy, this approach opens up to a systematic effort designed to assert results and coordination at a sectorial and territorial level. That is: to increase the level of true availability (mental first and foremost, rather than material) for the public service; to introduce concrete forms of innovation and elements of flexibility, operations, authoritative-ness in institutional and territorial governance; to achieve the devolution of functions and the accountability of process actors.

These themes acquired a crucial meaning within the federalist logic that was being shaped in the Country. They provided a qualified and original contribution to the debate, promoting a point of view based on the need to obviously strengthen the territorial level of the State by means of a central-local interaction, rather than through simplified forms of delegation. The interactions, on the other hand, would be based on shared intentions aimed “not so much to redress the balance of power between the central government and local authorities, tipping the balance in favor of the latter, but rather to modify the functioning of each level, in such a way that each higher level is at the service of the lower ranking ones and of the various social sectors, thus multiplying energies and potential”.

This is the logic of popular sovereignty in its daily exercise of democracy. It is the logic of vertical active “subsidiarity” that should work together with the horizontal one, within

and outside the administration. Ultimately, what matters is what the citizen, as an individual, and as a group and a localized community, gets out of it, and will be able to contribute to the institutional system: therefore to competitiveness, development, progress, and the overcoming of “marginality”.

The marginality of the Southern system, as a whole, is seen in comparison to more advanced and innovative systems. Marginality is a result of mostly intangible elements: today, more than in the past. Marginality is not to be ascribed to measurable variables, or only to them. Marginality is due to a cognitive gap, a delay in updating knowledge and conceptual methodological and operational competences. Marginality is due to structural resistances, system inertia, weakness of the civil system, feeble institutional and personal ethics, dangerous pervasiveness of harmful and criminal subcultures...

This was the sector and the perspective from which we worked in Calabria, and more generally in the South of Italy at the beginning of the century. Our challenge was then and still is now, to stimulate territorial and institutional subjectivity, innovation, efficacy, efficiency - in short, change. A change that could set in motion the evolution of what Fernand Braudel called the structure: that is a lasting reality, a social rigidity that strongly opposes any stimulus and that underpins policy choices, surviving them thus flouting their short and long term efficiency. We tried and we obtained some results.

The School Lab of the Field Foundation trained over 150 entrepreneurs and managers, establishing an international

partnership with the Lehigh University and making it possible for nearly 50 young entrepreneurs from Calabria to attend the Global Village for Future Leaders, a program promoted by the Iacocca Foundation and the Lehigh University, Pennsylvania. The work of institutional motivation and support that we carried out in those years on more than 50 Local Systems of the regional territory, with the participation of the 5 Calabria provinces and local authorities, generated 50 pilot projects, and, through the direct engagement of more than 100 businesses, nearly 800 people found work.

The activity we carried out in the field gave us a precious, detailed and new understanding of territorial requirements through the acquisition of a set of data that – although of no statistic significance – served to illuminate classical statistic surveys. Having discussed and cross-examined a statistically reliable framework, these surveys expanded their own heuristic meaning. These statistic data became a reference framework, which the following cycles of the Economic Planning at the EU, national and regional levels, faced up to. This information framework generated a regional Employment Plan whose value was nearly one billion euros with a view to fully integrating orientations, goals, methods and financial resources. The Employment Plan, which was going fully in counter trend to the national and international crisis of those years and of the following period, led to the hiring of over 6,000 new employees through the implementation of only one expenditure medium, totaling 70 million euros that were already earmarked.

Those positive outcomes were the result of the engagement of a group of concerned people. Prof. Antonio Viscomi, the

Chair of the Planning Task Force of the FIELD Foundation, one of the most illustrious Italian labor law scholars, as the Deputy-Governor of the Calabria Region is engaged in bringing about a difficult, audacious and profound change in the regional bureaucracy and in the approach to and the promotion of policies. Prof. Mimmo Marino, who was also a member of the Planning Task Force of the FIELD Foundation, is today one of the economists who follow closely the evolution of the region from the point of view of innovation, to the extent that he is now a member of the National Artificial Intelligence Board established by the Italian Government. Rosaria Amantea, former Director of the Training School of the FIELD Foundation, was later appointed Director General of the Town Planning Department of the Calabria Region, where she has been experimenting advanced and innovative models for urban, economic and social regeneration. Cosimo Cuomo, former Senior Technical Director of the FIELD Foundation, a brilliant economist of the territory, is currently at the helm of the key Planning and Development Department of the Calabria Region, where he is now developing highly effective and far-reaching integrated policies.

Moreover, Rubbettino Publishing House and its President Florindo Rubbettino, a man of charisma and most active in creating cultural and social values, have become steady companions in our journey. Hon. Demetrio Naccari Carlizzi, an economist with an international background, who as a Regional Councilor supported the initial phase of the FIELD Foundation, is today actively backing the Colorni-Hirschman Institute.

I have served in several positions in the Public Administration, and in particular I was elected Deputy Mayor of the

Municipality of Lamezia Terme, the third largest city in Calabria (for size and strategic importance): under the leadership of a man of long-standing and yet youthful political and social engagement, Mayor Gianni Speranza, a honest and enlightened man. We established a laboratory in a territory that in the previous decades had suffered from a pervasive mafia presence. It was a laboratory of good policies applied to territorial development and competitiveness, innovation and democratization, that won national and international recognition.

Our cooperation with the Foundation “Calabresi nel Mondo” is an example of a highly innovative experience which encompassed both the public and private sectors. The Foundation is chaired by Hon. Giuseppe Galati, an experienced politician, as well as a dynamic and bright individual, who served also as Deputy Minister for Economic Development some legislatures ago. In the work we carried out within that Foundation, we censused over 1,000 regional enterprises, more than 5,000 individuals from the Calabria region who stand out in their professional fields all over the world, and over 250 sectorial excellences. By cross-referencing them in an integrated matrix, we were able to build a global model of intervention, geared to enhance the competitiveness of local systems through the valorization of the long network of communities established by Calabria nationals residing abroad.

However, it is in the private sector that I, as entrepreneur, see the unraveling of my more intense, lasting and motivating journey, which I feel profoundly mine. Back at the end of the past century, together with some friends of mine I established a strategic consultancy company. Its mission was the creation, planning, development and management

of interventions and complex innovation networks. Ever since, my friends and I felt the strong desire to give rise to an excellence center capable to create value and business profit with a view to generating also cultural and social dividends, promoting harmonious corporate contexts and launching development actions which would sparkle the positive growth of contexts and communities.

We called our company Entopan – a name that reveals the essence of our journey and its Colornian and Hirschmanian inspiration, which we were unaware of at the time. A transliteration of the Greek phrase $\epsilon\nu\ \tau\acute{o}\ \pi\acute{o}\nu\omicron\varsigma$ meaning: “One, the whole”, the name Entopan resonates with an archaic classicism which evokes the loud call of our roots, of that Mediterranean basin which has led us into modern times. Because the future cannot ignore the past; there is no innovation without experience; the past carries within itself the germs of what will come.

Because of our multidisciplinary approach, Entopan is organized into different competence departments where engineers, architects, IT experts, economists, philosophers, semiologists, mathematicians, biologists, social scientists, communicators, artists and creatives all cooperate with each other - through vertical specialization paths connected to horizontal cooperation opportunities, thus generating a dynamic and positive eco-system.

Entopan does not thread on ready-made paths. The “whole” in the eyes of Entopan is not a pointless quest of complexity. We believe that any element, even the most obscure one, can surprise us, when set in the right place. It can then become an activator, an unexpected solution, an incredible

contribution, a “blessing” in the Hirschmanian sense of the word, on which to build a new and lasting value.

Take the symbol of Entopan. It represents an action: an identity action that acts in symbiosis with its context, while preserving its pristine and most intimate essence. It is a true osmotic relationship, where Entopan opens up to the outside world and at the same time takes from it. In order for such a mutual exchange to be fruitful, Entopan takes on different forms, allowing itself to be contaminated from the new, the different, and what deserves to be known because it is a source of enrichment. At the same time Entopan disseminates its own contributions in its surroundings.

How could we not see in it, the implementation of the trespassing efforts that Colorni and Hirschman have always exhorted people to do? We were, as I said at the beginning, Colornian and Hirschmanian without knowing it. Becoming aware of it, through Luca Meldolesi, has allowed us to rationalize this affinity, to lay our work on the solid basis of a powerful and strong school of thought, to refine methods, to become aware of our role and our function.

All of it has taught us that being a consultant is a privilege, a gift, a mission that also entails a personal and collective responsibility. It means we have talents that we make available to others. It means we become the repository of trust when faced with a bet. It is a profession which implies constant study, and a commitment to constantly go beyond our own limits. It demands intellectual and moral honesty. This is why for us at Entopan any project becomes a unique and unrepeatable challenge, an identity to be discovered, understood, respected and accompanied in a journey towards

the best possible option, in a context which is complex, liquid and volatile, as it is our society today, that constantly redefines the limits of our own existence.

We have learned that to promote development we need to create links –that often are apparently invisible – between contexts that are formally apart. We need to identify and develop intelligent and sustainable connections, courageous but admissible, new and tailor-made ones, between persons, experiences, competences, aspirations, visions and different environments. We have learnt that in a hyper-competitive market, what makes the difference is... the difference: this is why we never give in to the obvious - which, though reassuring today, often hides the danger of being short-lived.

We have learnt that flexibility and efficiency are our passwords, but in order to be flexible we need to be far-sighted, competent, courageous, creative and able to see grand opportunities that look like unsolvable problems. Efficiency demands rigor, sacrifice, excellence, determination and an effective management of time.

We have learned that our key-words are: Innovation, Ethics, Social Growth, Quality, Beauty, Network, Humanity, Smile and Happiness. We have learned that to generate development we need to be a community of talents and a community of people.

Walking through this journey was a beautiful and exciting experience. A short time ago, we did not exist; and yet we are among the leading consultancy firms in the South of Italy, already. We were only a party of three when we started, and today we are 40 people. We were alone, but today we

have a steady and equal partnership with some of the most important players and innovation operators on a global scale that have shown us esteem and appreciation: not for the quantities we are able to summon, but for our originality and for our effective approach.

It feels natural, both on the personal (emotional and cultural) and corporate level (strategic and operational), that it was Entopan that three years ago approx. promoted and supported the birth of the Colorni Hirschman Institute, of which I am honored to be the Vice President and in which the entire Entopan structure participates with enthusiasm, passion and gratitude. It happened when, thanks to a positive development of the psychological dimension of the individuals, or on top of it, following a methodological evolution, the story of Entopan somehow met - at growing levels of awareness - the Colornian and Hirschmanian intellectual traditions and school of thought.

At the same time it should be pointed out that every single field in which Entopan works – public, business, social, political – grows stronger because is part of an integrated vision which has been pursued already.

The same happened to the Colornian and Hirschmanian outpost represented by Luca Meldolesi and his team. That was the meeting which led to the establishment of the Institute.

The Colorni-Hirschman Institute stemmed from two experiences that, unawarely of each other, had a common basis and originated in traditions that progressed on parallel paths for a long time.

The Colorni-Hirschman Institute speaks of a story of absence, need and meeting.

Once the second world war was over, Colorni and Albert Hirschman gave a decisive contribution to the stabilization and civil, social and economic progress in the world. If we consider ourselves to be their heirs, then we do not fall back and we do not run away when faced with the complexity of this enterprise. I truly believe that taking responsibility of this wider and cosmopolitan challenge is a duty for all of us. Colorni and Hirschman have left us a heritage that has grown richer through the contributions that every one of us has given during his/ her own circumscribed and limited human and professional experience, that must be put at the service of the common good and of the general interest, thus making a quantum leap and enhancing cooperation.

This is dictated by a sense of responsibility, rather than a personal ambition. The power of knowledge is a gift that must be implemented to the benefit of the general interest. We must show our talents. There are fundamental questions that press at the door of our consciences and souls, and that go beyond the narrow dimension of the work that each of us has done so far. They pose questions to us at a universal level, in space and time, demanding we meet and work together to build possible solutions:

Can the strongest, in a global economy, devour the weakest, thus imposing its own market laws?

Can an individual State, in that same global economy, develop its own economic plan, knowing that the system is so liquid that in a very short lapse of time, all of its forecasts will be nullified by the economic plan developed by a bordering State?

And again: the economy is for man or against man, at his service or to enslave him?

Is man only an economic animal? To what extent is he a spiritual “animalis” ?

Could the economy be based exclusively on desire and lust? Can we create the economy of futility, vanity, vice and emptiness? How can the economy contribute to the establishment of a true humanity?

They are all real questions that demands true answers. Eugenio Colorni and Albert Hirschman have shown us that to find the right answers we must look up and contaminate all domains. To find the right answers, we must climb up to the highest level of knowledge , where the sky and the earth touch. To find the right answers, we must go beyond the limits of technology, since by itself technology cannot fully explain man, humane and humanity. To find the right answers, we need to build universal and harmonious forms of an inclusive balance, casting aside imperfect and insufficient mediations between different details. To find the right answers, we need to tap the original and fundamental wisdom, which is written in the heart of every man. To find the right answer, we need the right question: is it the economy that makes man, or is it man that makes the economy?

If it is the economy that makes man, then we will have as many economies as there are men on earth, and each one of them will develop it according to his emotions, or intelligence, instincts, or according to his own cold, soulness rationality without intelligence. If it is man that makes the economy, then he must make it for every man: every economy made for ourselves alone, is an economy without man, and without man there cannot be a true economy. If it is man that makes the economy, then it is right for man to have not only a technological and scientific background, but rather be trained also in man himself ,as a subject who

loves and wants to be loved (the discipline of affections is always present in Eugenio Colorni and in Albert Hirschman), who serves and wants to be waited upon.

Diogenes, as we all know, used to wander around holding a lantern that he kept lit day and night. To those who asked what he was doing with that lantern, he used to say: I am looking for man.

Many economic doctrines have created an economy of man against man: a wrong economy, we could say.

Other economic doctrines have replaced the economy of man against man with an economy of man without the humanity of man: in this case as well we could call it a wrong economy. I believe that if today we really want to re-focus the attention on the teachings of Eugenio Colorni and Albert Hirschman, we have to propose the third way they outlined approximately half a century ago: the economy of man with true humanity towards man who should be given true humanity.

This is my humble proposal, which comes from the story we have had the good fortune of living together with Luca Meldolesi in the past twenty years, but that at the same time is drawn (and generated by) from the century-old history of our humanity. In order for this prospect to be concrete, we need to transcend and go beyond ourselves. We must transcend ourselves and reach to where the light of reason shines: we must penetrate the spirit of man and the spirit of history, where we can find the key to every man and to every history.

Saint Augustine, an author who is very dear to my heart, would have said it like this:

“Et si tuam naturam mutabilem inveneris, trascende et teipsum. Illuc ergo tende, unde ipsum lumen rationis accenditur.

And if you find that your nature is changeable, transcend yourself. Reach, therefore, to where the light of reason is lit”

(De vera religione, 39, 72)

Elena Saraceno

Being Hirschmanian without knowing it

My theory and practice

What I learned with my research experience in Europe questioned significantly what I had learned in my university studies in Buenos Aires, New York (New School for Social Research) and Italy in the '60s and '70s. This did not mean that my studies were irrelevant – they provided many of the assumptions used in my research - but insufficient to explain the results I was finding. This did not happen occasionally, but in many different areas of analysis and led to the conclusion that the factors that traditionally explained early industrial development did not work in the same way for late development countries. I found unexpected processes in return migration, diffused industrialization, farming and rural diversification, urbanization, local development, economies of scale, patterns of family life and consumption. If real processes were different then policy prescriptions needed to be adapted too.

Let me give an example.

One of the places where I worked for some time was Friuli-Venezia Giulia, a North-Eastern autonomous region in Italy, characterized up to the '70s as the “Mezzogiorno of the North” because of widespread outgoing migration, subsistence peasant farming, few large urban industries, unemploy-

ment and lower than average income. In 1976 a major earthquake hit the mountain and hill areas of this region and the authorities were afraid that this would increase outmigration and cause a resettlement of the population from rural to urban centers in the plain and coastal areas. Field research showed not only that migrant outflows had not increased, but that returning migrants had been outnumbering those leaving since the early '70s -before the earthquake- and nobody had noticed the reversal of flows. What was even more surprising was that returning migrants were for the most part still active, looked for jobs and found them in a relative short time, resettled overwhelmingly in the same rural villages from which they had originally left, invested their savings in housing, land, small enterprises. The earthquake quite unexpectedly had accelerated ongoing processes and made them visible.

I was puzzled on how to interpret such results: I had learned that migration from rural less developed areas was definitive rather than temporary, that returning migrants were nostalgic, retired persons which had been unable to assimilate in the host countries. The results however did not fit into this pattern. With further research we found that property of land and home kept migrants attached to their places of origin during migration, that the rationale for migrating was to find better paying jobs, save and invest remittances back home, develop skills and possibly start a business of their own after returning, often combining farm and off-farm jobs. Migration was, since the beginning, a temporary affair with a well-defined scope. By the late '90s this region had recuperated all the population it had lost through migration immediately after the Second World War.

This evidence suggested a new pattern of development: in fact we found that it was not limited to this region but extended to the Central and North-Eastern Italian Regions. It was based on endogenous entrepreneurs, diffused industrialization, part-time farming, learning by doing, with firms competing and cooperating at the same time, sometimes in clusters (industrial districts), exporting their products, generating new employment and higher incomes. Instead of urbanization, it produced a *sui generis* modernization of rural areas, no longer based mainly on farming, attracting population and resources. Other scholars were arriving at similar results, not only in Italy but also in Europe and beyond. It helped to understand the specific features of a bottom up approach to development to be better known and theorized¹⁷⁶.

What role, if any, did policies have in this new pattern of development? And, could specific policies be designed to support such processes? The answer to the first question is that *economic* development policies had not played a major role since policymakers had been trying to attract foreign investment and large manufacturing enterprises with various incentives; however, *social* policies such as the support of good vocational schools and apprenticeship systems, low interest rate loans for buying machine tools and equipment for artisans, facilitating access to the property of land and housing, promoting the creation of small producers' cooperatives, had a significant, even if unintended, effect in supporting this new pattern of development.

¹⁷⁶ Italian theorists of this school of thought included Giorgio Fuà, Sebastiano Brusco, Arnaldo Bagnasco, Giacomo Becattini, Enzo Rullani, Gioacchino Garofoli; the approach also raised interest in the US through the work of M.J. Piore and C.F. Sabel, in France (R. Boyer) and Spain (A. Vazquez Barquero).

Regarding the second question, the prevailing understanding was that it was a spontaneous process, based on a very specific combination of factors that could not be codified into a policy prescription, difficult to reproduce elsewhere. However, during the same period, but starting from different premises, the European Commission developed a series of local development initiatives, for all Member States, that turned out to be very successful in their uptake and impact. These were based on small areas, a bottom up participative approach, associated local action groups, free to choose their interventions, integrated and in all sectors of activity, at a small-scale, and engaging in networking with other areas and groups in order to exchange know-how and innovation¹⁷⁷. Many of these features were quite similar to those observed in the above-mentioned pattern of development. In fact, these policies were not based on *what* to do in development, but on *how* to do it, *adapting* theories to local conditions, know-how and needs.

In Hirschman's writings about entrepreneurship and his experience in providing effective policy advice about development, I found many affinities with the work I had done and the relevance of fieldwork for revising established knowledge about development.

A Hirschmanian without knowing it

I must confess that I had read *Exit, Voice, and Loyalty* in the past but I did not know very much about Hirschman. When Luca Meldolesi and Nicoletta Stame asked me to

¹⁷⁷ There were 13 Community Initiatives launched in 1988, the most successful, still ongoing, has been the LEADER programme, for rural areas, recently merged into the Community-Led Local Development.

participate in this conference I decided to do a full immersion in his writings. The idea was first to find out the connections and linkages between my research and policy experience with Hirschman's approach and writings – and I found many -, and second, to see whether the legacy which we are recalling today is also useful for understanding the new problems we are facing in our economy and society. I am convinced that Hirschman's contribution to development allows a good entry point into the issues that worry us today, while other, more recently consolidated approaches (neoliberalism) seem unable to help. I will mention indicatively just two of them.

One such issue, of a methodological nature, is the *relevance of checking carefully the real processes going on in a specific context*, especially when we are involved in providing policy advice. In general expertise to policymakers is given on the basis a codified knowledge which is usually a simplified, stylized, abstract understanding of development, one size fits all. This knowledge is necessary but insufficient, because it is full of 'blind spots' about who are the actors which are supposed to realize it, their motivations, practices and values, their power and resources, the institutions and rules of the game in which they make decisions. These blind spots refer also to actors opposing any change. This approach was followed by Hirschman in an exemplary way during his 'Colombia years' and can be taken as good guidance in particular when confronting new situations. It is an open method that does not close itself to narrow macro-economic financial data, but opens up to social and ethical issues, which classical economic theorists always had in mind. If we want to address growing inequalities and the crisis of the middle classes in advanced economies, we need to reopen the political economy debate. The point is not to

repeat what was said then, but to widen the perspective, introduce differences of place and time in a static approach.

A second issue is related to the role of industrialization in development, an issue of content rather than of approach. For a very long time, economic development coincided with the introduction of capital, new technologies and new forms of production organization in the agricultural and manufacturing sectors. Hirschman understood development and entrepreneurship in the context of industrialization, particularly for less developed countries. Today, however, industry seems to play a weaker role in development, especially in “advanced” economies, which were industrialized at some time, but have recently moved towards de-industrialization, with important implications for the social and governance systems that accompanied the upward phase. Development in this new context means a different process, in which the role of industry needs to be looked at again, with an open mind and a much broader world map than the national one. Such an exercise has implications for both developed and developing countries.

It would seem at first sight that Hirschman has little to say on this issue: nobody had foreseen the possibility of de-industrialization. But if we take a look at his considerations about firms and entrepreneurship in *Exit, Voice, and Loyalty*, and the long-term arguments about capitalism he uses in the *The Passions and the Interests*, we find that ideas and the understanding of collective economic motivations, and how they change over time, are an essential part of what we need to look at in order to say something meaningful about current processes.

In preparing for this conference I realized two things: the first is that I discovered that in my work experience I have been a Hirschmanian without knowing it; the second is that Hirschman's insights on policy advice, capitalism and entrepreneurship are interesting and relevant not only for the time in which he worked and taught, but also for the new problems we are facing today.

Fabio Zilberstein

Collaboration in a public administration: Examples of IT-driven innovation

Introduction

In my career I faced change several times: on my job, in the teams I worked with, in my organization(s), on myself.

The experience I present is taken from observations during several IT projects I worked in, mainly two: a complete reset of an external website and the introduction of an internal collaboration platform suppressing the old intranet. Both projects had a huge impact in people's working habits, especially the second one.

Key common issues will be illustrated under point 2; I will then introduce the business objectives, the challenges and the opportunities of such changes. The core point is the key enablers that allowed to successfully moving forward a more efficient way of working. The conclusion will draw a line from this.

Let me close the introduction already with central lessons from my experiences: the more I work in the IT, the more I acknowledge it is about the human. Change, even when IT-Driven, depends always on people to which we have to focus at all times, no magical deus-ex-machina (literally) will solve our problems without considering how humans interacts.

Common issues and alternatives

1. *Being too Self-Referential: toward "others" first.*

I prefer to use the term "others" instead of the usual words User/customer to avoid limitation as the focus should be in putting oneself in other people shoes: a colleague that needs to read our note, a citizen that need to use a piece of information we publish, someone who needs to use a software we produce. Too often the product of such activities is designed by the producer with his/her vision of the world without considering the need of the real beneficiary of the activity. Switching the vision by involving the other stakeholders in the process is the way to guarantee the success and ensure that what is done met the needs. It is easy to say "we put customer first, we are user centric"; but, have you noticed? The sentence starts with "we" (or worse, with "I"). We really have to start with the "Why" we do things, which is usually "the others".

2. *Bulimic publishing*

A consequence is that people publish for themselves to self-praise own achievements instead of publishing what is useful. "Less is more" is more than a saying: cutting helps clarity and findability. In renewing one web presence for example we went from 60,000 pages to 1,000 without raising any external concern, on the contrary visits increased. The friction was more internal: where "my content" is gone? That's the point: that content was irrelevant to the "other", so why keeping it? Quantity is not a proper metric although we are tempted to believe so; efficiency and reaching out public with the right content/service is.

3. *Static publishing*

Another way of looking at this self-centered attitude is the static way of publishing which does not consider, or preclude, interaction with people. The reality of social media has opened up people's mind to the possibility to voice dissatisfaction directly with the administration. Publishing and interacting is no more a separate activity, everybody becomes ambassador of their own institution and need to learn how to discuss issues with the public in a positive way. Exit is diminishing because people have more voice with their administration, and the voice is publicly available for public to judge. Hence the social responsibility for administration is enhanced.

4. *Tech for the geek only?*

Another aspect is the hiatus between content producers and content publishers: publishing was something for tech-savvy, for HTML-geeks. Nowadays new tools allow also "normal" people to publish directly with easy to use interfaces and no need of coding. This enabled cutting the time for publishing, and an increased involvement of editors into the publishing activity: hence more responsibility.

5. *Mushrooming solutions*

The separation of departments and relative independence of IT people allowed two different phenomena: on one side mushrooming of plenty of different solution, usually doing similar if not exactly the same tasks. On the other hand the presumption that one tool can be adapted into the perfect tool that does "everything", which leads to huge customization projects doomed to fail. Both approaches are on the extreme sides of the technical paradigm while the good old 80/20 rule should be the norm: choose a tool that does 80%

of the job without trying to reach 100%; and choose another specific tool for the extra 20 if you really need it. Usually the extra 20 will reveal not to be that important and having to use 2 or 3 tools will be probably easier than having one doing it all and being very difficult to use. You don't believe it? Look at your smartphone and tell me how many apps you have, and how many do more than one core functions... That does not prevent you from having many apps and being efficient, isn't it?

6. *Silos processing*

A key aspect in every organization (public, private; small, big) is the tendency to silos activities, and employees, for the sake of efficiency. This is a radioactive waste from Fordism. But, this is the perfect way to underuse your resources because of a key underestimation on their potential: people usually have more than just one key skill/knowledge. Isolating them will prevent you from allowing all this potential to grow. Modern organization in a complex world need to thrive on the differences of their resources and melt competences: you never really know where the next good idea will come from, and if you prevent your people to talk then you miss it out.

Business objectives

1. *Cost effectiveness and prioritizing*

Which is another way to say “budget cuts”. While the “doing more with less” at first is naturally taken negatively and with skepticism; on a second though we can find opportunities in this political input which is to start a concrete review of objectives, priorities, working methods. In fact budget constraints force to look at one's way of working

first, in order to regain in efficiency the reduced resources. On a parallel track we can review our target and priorities and ask ourselves if everything we do is really core business. In this race for more efficiency IT innovation plays an important role helping relieving people from repetitive and, with Artificial Intelligence systems, also from more complex tasks. But there is the fundamental limit of IT: it reflects human activities. Hence, if our processes are complex, so will also be the tool implementing it.

2. *Streamlining Processes*

Stemming from the previous point is the action to improve our process and way of working. Simplifying our administration is no more a fashion but a survival need. It is not just a matter of costs, but also a way to ensure good and efficient administration, transparent and easily auditable.

3. *De-siloing and fostering collaboration*

Revising processes and working habits needs to attack one key element of organizations: the tendency to segregate activities under the assumption that this is more efficient. This is not true in a society based on knowledge and exchanges. Even a bureaucracy needs to gather inputs from all the resources available in order to respond with appropriate solutions. Forcing process to go through hierarchical lines or be segregated in department slows down the activity and results in mid-valuable solutions. Allowing staff to collaborate freely gives the possibility to have the most competent people delivering an appropriate solution regardless from the department they sit on. And is also helping motivation and self-realization.

4. *Manage knowledge sharing, collaboration and productivity*

Therefore, a good administration shifts the focus from managing staff to managing stuff. In other words people are empowered to become self reliant and the administration focus on making available the tools, the environment and the basics to allow a free flow of information and knowledge among people and teams.

Challenges

1. *Culture*

Introducing cultural change in an organization is probably the hardest challenge. Moving from a siloed to a collaborative culture is neither easy nor natural as it breaks prejudices and habits. Excuses will be found to fight against it, for example security , responsibility and so forth. It will then be important to shift the focus of people to the new possibilities empowering them, giving an added value to them in the pursue of the objectives.

2. *Geography*

A non-negligible aspect is the geographical dispersion of staff in multiple sites. This has favored the siloing of departments and teams. Here the IT can help in providing solutions that help online collaboration, visual/audio presence cutting distance and keeping the feeling of working together. It will not be as perfect as a live interaction in the same room, but we are getting closer. Most importantly, it is removing a psychological barrier other than the physical one.

3. *Organization structure*

Fostering collaboration in a highly structured organization seems oxymora, but this is the current path. While the need for more collaboration is perceived at all levels, it is often only applied when the top management “authorized” it. But it is not sufficient authorizing it: you need a lead by example approach where the take up must start from the senior management or it will not be used by the different levels.

4. *Tools and simplification*

The temptation to pretend that selecting a tool will solve all mentioned problems is high. The risk is then that the technology is selected by IT professionals having their experience as parameter. As we said, the focus must be on the people using it and not on the department procuring it. My experience in solutions rollout is that it is a success only if... people will use it! It might appear a trivial sentence, but in reality it isn't: the best tool is not the one with the best performance, or number of functionalities (have you ever used more than 5% of MS Word functions?); but the one that will solve 80% of users tasks in a click and without need of training.

5. *Devices*

Finally for an IT department today it is quite challenging to adapt to a world where the number of possible devices and way of working is multiplying: people expect to work in many different ways and with different hardware to which is not easy to keep up. It is no more a world where the IT department is delivering one model of PC/Laptop keeping a tight control on what is installed. The shift to mobile solutions is not just a challenge for the hardware purchase,

but also for the software that will support work and way of working.

Opportunities

1. *ATAWAD: Anytime, Anywhere, Any Device*

The technical innovation has opened up new opportunities for people to interact, work, and enjoy conversations. Nowadays, you are no more bound to a specific place as you can access information and contact your interlocutor from anywhere just with a small device in your palm, the only thing you need is a connection. This has opened up new scenarios for collaboration and inclusion, allowing portability of work in an easy manner. This is setting profound changes on work organization empowering more flexibility and efficiency.

2. *Integrate own devices (BYOD)*

Modernity has also seen people getting closer to technology to the point that they expect more from a central IT department which often is bound to more stable purchasing condition not granting the latest model. Hence the request from people to work directly from their own devices to keep their (technological) habits. This is not a trivial point for a central department that wishes to ensure security and accountability; however, again, it can be seen as an inclusion opportunity.

3. *Manage security and leaks*

It may seem from the above that managing security and leaks has become harder and harder with this varying panorama, and this is true; but not completely true as technology evolves also in giving more solutions for ensuring your

security needs. Besides, one must not forget that usually the weak ring on the security chain is the human factor. New solutions and enhanced awareness of your staff will help securing more your activity.

4. *Capture and disseminate knowledge*

IT innovation is allowing also solving one critical issue for organizations: to preserve the knowledge fabricated at work and disseminate it to staff. If activities are taken directly on collaborative platforms, once a member will leave it will be easier to retrieve not only what he has directly produced, but also the savoir-faire that s/he disseminated during his/her work. Retrieving this knowledge will be simplified, not sitting anymore in a lost drawer.

5. *Integrate digital natives*

Finally, there is a tremendous opportunity in integrating more digital natives and I see it in three ways:

- A reverse mentoring process where the young will teach the senior on the best use of technologies and they can integrate it profitably in the process.

- Their expectation in term of innovation will create a stress on the organization to go on-par with market solution. Mutatis mutandis it's Albert Hirschman's idea of unbalanced development: here you have a stress created by the (enhanced) human capital to improve the quality and availability of technological capital/infrastructure.

- The need to innovate the organization without a precise knowledge of how to do it will create also a positive tension on former employee to look deeply in them to learn new skills and take out unused energy and motivation, revitalizing intellectually sedentary habits. An application of the principle of hiding hand in my eyes.

Key Enablers

To implement these positive changes we need some catalyzers, here are some taken out of my experience:

1. *Remove tech from the table*

This actually means more technology, but user friendly. Too often "difficult" to use tech has been used as an excuse for not advancing or changing habits. The point is in simplifying the use of technology so that it becomes not only intuitive but also transparent: we must forget that we are using a knife, and just cut a slice of bread instinctively. Example: have you ever seen a Facebook training session? No, because using it is so intuitive (and addictive...) that people learn by doing without realizing it.

2. *Fail better*

If you want to push innovation, you must give people a license to fail. This is not always the norm. Fear of failing is preventing the best ideas and energies to come out. There are thousands quotes on the topic, rarely applied, because while the "fail fast, learn, fail better" motto is a nice propaganda, when it comes to deliver quarterly results to shareholders the space for failure is slim. Psychological factors enter in place: Impostor Syndrome, Social control, Local Culture; these are all elements that need to be taken into account. How to introduce it? Leading by example is one way: senior management must ensure this concept is clear by leading the process and always have a positive attitude toward failure. This was my experience so far: in projects where we had failure allowance we innovated and got extremely positive results. In projects where this allowance was absent, teams plateaued on common safe denominators. It's a matter of choice after all.

3. *Meet people*

Segregating staff per competence and department may appear efficient, but is actually preventing to deliver good/better solutions. Nowadays no one is really expert in any given fields, even the experts! No solution can be developed without taking into account the interaction with a complex world. All team members have a piece of the solution and you need to create the environment for cooperation so that ideas can circulate and thrive. That does not mean just creating an open space and wait and see. Open spaces actually are being revised as not an efficient way of production due to distractions and interferences. Nonetheless you can still design workplace AND processes with a balance between flow of ideas and focus on the job.

4. *Take risks*

“A smooth sea never made a skilled sailor” (Franklin D. Roosevelt), this quote alone illustrate the need not to avoid difficulties. Difficulties hide solutions and learning opportunities. Yes, risks must be managed (which includes accepting failure as we said), and unnecessary risks are to be avoided. But if you want just to sail along the coastline you will never discover a new world. And soon you are doomed to disappear.

5. *Bulldozer the garden*

Sometimes we need a complete break with the past. It not just to avoid migration works or to forget lessons learned. But if we want to launch into new endeavor we probably need to see it with new eyes and experiment new ways. Being locked into the past will prevent this. An example is when building a new web presence and we were facing the issue of the old pages: migrate or not? Editors wanted to migrate because it was "their" work, but the reality was that

public did not need it. So in a new website we cut 95% of the content. And the proof it worked is that in one year we only got a couple of external request for old content. Fresh mind, fresh ideas.

6. *Insource expertise*

Finally an important element is the insourcing of expertise to fertilize your team. It is important that you keep control and knowledge of the technologies used. That does not prevent from externalizing part of the work if more economical and efficient, however your contractor will not be there forever and you need to be able to do the work for yourself too. This also closes partially the long road between (people) needs and execution.

Conclusions

With this presentation I desire to show how Albert's principles are not just theoretical ideas learned during my university years; but a true source of inspiration either for reading the reality around us or for applying "tricks" to improve our environment.

I can witness how at work the hiding hand gives us more opportunities than troubles. I see how the mechanism of raising user voices can prevent their exit. I see how creating positive tension among production factors, generally speaking, can spark innovation and creativity.

Being aware of how these things work helps taking the most out of it.

The lessons learned can therefore be summarized in these points:

- Empower people to find their own way and solutions. The complexity of modern world prevents one to

pre-determine how you will find a solution and even which one you will find. What you need to do is to break walls across people and teams and let ideas flow. You have to create the environment also for people to safely speak up their mind and try solutions without risk of being pointed out

- Listen, listen and listen. To make space for other people ideas and understand your "others' needs" you need to silence your ego and assumptions and be prepared to be surprised. Putting ourselves in others' shoes it's a very difficult exercise but worth the effort as you will get a positive circle of feedback.

- Simplify and be humble. Many hide behind jargon and technicalities, but as IT professional it is your interest actually to make things so easy that the technical debate disappear. You will not miss importance, on the contrary: you will reach heights of an artist in your domain! Trying to defend your secret garden will only get people lowering your role and importance.

- Finally, as said in the beginning: it's about the human! We cannot make our count at the bar without the bartender. Everything we do, generally speaking, is about improving human conditions and we cannot do this by abstracting models and solution. We need to descend on field, talk to people, work with them and understand their reality if we want to improve things.

This was an exciting opportunity and I therefore welcome more initiatives to foster Albert Hirschman and Eugenio Colorni legacy.

Robert Darnton

Hirschman, Geertz, and my experience. A comment

I would like to join the chorus of thanks to Luca and Nicoletta. It is wonderful to see how you have organized this, the amount of work you have put in, and now it's all coming together.

My assignment, if I understand it correctly, was to try to describe or characterize the relationship between Albert Hirschman and Clifford Geertz, during this magic moment when the School of Social Science, including those two and Michael Walzer, was a wonderful coming together of talent and no one exactly knew what discipline each of them belonged to. It was an exciting time.

This occasion brings up in me so many happy memories of Albert. I knew him for a long time, also with Sarah, in Princeton, in Paris, we had meals together, we talked about things. I always thought he was very young, because when I first saw him he was so beautiful, so handsome. I remember Albert and Sarah dancing at the Institute for Advanced Study, they danced the tango, because they had danced it in Latin America; to see the two of them dancing at the Institute was really inspiring. There was a lot more to them than just, well, exit-voice-loyalty. They were very interesting and warm, complicated people.

Clifford, of course, was in a class by himself. So I was trying to think: what is it that brought them together, how did they overlap and interact? And I couldn't come up with an answer. I actually think that far from being intimate collaborators, they were quite different, they enjoyed each other because of the differences. When I think of Albert's work, I think it is love of paradoxes, and how paradoxes produce sometimes optimistic results through unintended consequences, the way the exceptional can open up possibilities: a kind of dominant tone, if you like, of irony and almost optimism. As you know, his nickname was "smily", and he was a smiling person.

Geertz on the other hand used to frighten people, because he gave the impression that they were more stupid than he was; he didn't mean to, he was just sort of shy and he came out and seemed to be aggressive. But he really took a black view of the world, and I think he began from a premise of being deeply Weberian. What interested Cliff was systems of meaning, meaning in symbolic universes that weren't independent of things like economics, but on the contrary penetrated into economic organizations. So the trick, in a way, for Cliff, was to understand the peculiar character of each system of meaning, of cultural systems as he called them, and each one, of course, was different from the others so there was no real overlapping, no general norms, laws, or social science approaches to them. Whereas Albert gamely went from nation to nation (I never thought of him as nationalist), if you think of his interests and passions, he was jumping around from one world to another, all over the world of thought.

So here were two wonderfully original people who did think out of the box, thought in new ways, and inspired

other people – and here is the result. Even if you were indirectly a student of Albert’s, his influence would make itself felt. I was impressed by some of the testimony, for example, of Albert’s influence on people in business, or those who felt they had come under the spell of Albert Hirschman even if they had never met him, and so we got, as it were, testimony of Hirschmanization.

I would like to add just a little anecdote. Because I found myself, without knowing it, undergoing a Hirschmanizing experience when I arrived at Harvard in 2007 to become the director of this vast university library: twenty million books, a thousand employees, the largest university library in the world. Very soon, even before I arrived, Google knocked on the door, and said: “we would like to digitize all your books and we will give you a free file of everything we digitize. You can’t actually use it, but you can keep it in storage, as a kind of preservation, lucky you”. Well, we had built up this library since 1638 with the cumulative investment of generation after generation, not only buying the books but also accumulating the intellectual capital to catalog and sort them, and so on, was enormous. In my view, Google got a good deal even though they were complimenting us for getting this free.

So Google began to digitize, and then it came back and said: “we would like to digitize the books that are covered by copyrights”, and we answered “no, we are not about to infringe copyrights“. But Michigan, Stanford, University of California, all said “yes”, and so Google began to digitize copyrighted books on a large scale. And it was instantly sued by the association of American Publishers and the authors guild for infringing the copyright. Well, then Google went into secret negotiations with the plaintiffs, and they

asked me to sort of sit in on some of the negotiations even though I was determined that we would not permit Google to digitize our copyrighted books. I think they wanted the Harvard imprimatur on this agreement they wanted to make. It was quite an experience. Google has very good lawyers, as you might imagine; they were tough, and you could see the determination of the lawyers to squeeze as much money out of this as you could imagine.

Now, the project called “Google book search” began as a search service, in Googlian fashion, that is to say the users could search for authors, ideas, keywords in this database, and Google would present on the screen snippets, short passages in a book that were relevant to the thing being searched. Sometimes Google even told the user where the user could find the book, in a library, and we library people thought this was terrific, and it was terrific, a real service to the public. However, what Google got around the negotiating table, with these lawyers and so on, was a search service brought into what was a commercial library. So, after four years of hard negotiations, and a document that thick that I read and reread – it is very hard reading – what emerged was a proposal that we the library, a research library, should buy back that service, in digital form, at a price that would be set by Google, without any consulting with the public, without any public surveillance, and the income would be divided, Google would take 35% and the publisher 65%.

I did not think this was a good idea, and that was my moment of exit. I went, so to speak, into the public arena, in *The New York Review of Books*, and we had polemics, lots of people got involved. Then finally a federal district court in New York declared Google book search illegal, it is a

violation of the Sherman anti-trust act, and it was. Google was trying to create a new kind of monopoly, a monopoly of access to information in digitized form. So “Google book search” is dead.

Meanwhile, before the judges decision, at Harvard in 2010 we called together heads of foundations, heads of libraries, computer scientists and suggested: “Couldn’t we out-Google Google, by creating a national digital public library?” (DPLA). Instantly the foundations had said “yes, it’s a good idea, we’ll provide the money”; the libraries said “we will supply the books”, the computer engineers said “we will design the infrastructure”. It’s a long story but only two years later we launched the Digital Public Library of America which now has seventeen million objects available free to anyone, not just US citizens but anyone in the world. So that’s where I think exit became voice; lots of people were swept by the possibility of doing something that genuinely was for the public good in a kind of Hirschmanesque fashion.

So that’s my little parable.

Appendix

Vincenzo Marino

Colornian entrepreneurship? Findings and ideas for reflection ¹⁷⁸

Humans have made true progress whenever they notice that they are not the centre of the universe. (...) throughout the history of civilization there are these “leaps outside ourselves”, this awareness that the laws that we had attributed to reality were, in essence, nothing other than an imagined reality made in our image and likeness as a good servant of our needs. Every time a step like this has been taken mankind has gained understanding from it and engaged better with reality, and powerful tools with which to control nature have fallen into our hands. The more man has dominated nature, the less he has felt like its master, its central figure. (...) You could say that the entire evolution of thought (...) made progress every time the concept of “essence” was replaced by that of “relations”. But to do this requires an enormous effort of honesty and, you might say, of asceticism. It requires the courage to look at ourselves as if we were outside ourselves (...) to give up our habits of thinking. In this sense, morals and science are the same thing. And every scientific discovery, I would say even every technical achievement, is like a slap in the face that says: things are not the way my model would like them to be organized.

Eugenio Colorni¹⁷⁹

¹⁷⁸Paper distributed to the participants ahead of the Conference. See www.colornihirschman.org/first-conference-on-albert-hirschman-legacy.

¹⁷⁹ Letter to his wife of 12 December 1938, in *Eugenio Colorni. Microfondamenta. Passi scelti dell'epistolario* L. Meldolesi, ed., Rubettino 2016.

Introduction

What has Eugenio Colorni got to do with being an entrepreneur? Does it make sense to speak of Colornian entrepreneurship? And above all, is it useful? It seems to me initially profitable to trust in the viability of these questions. Although in fact originating from a personal experience, both cultural and practical, that has at least partly influenced its orientation, this paper aims to explore the possibility of further advancement in understanding the entrepreneurial phenomenon and its role in promoting economic and social development.

During the course of a thirty-year collaboration with Luca Meldolesi¹⁸⁰, the themes of entrepreneurship and businesses have always been at the center of our shared interests (which include research, policy, and evaluation). I have thought it worthwhile to examine in greater depth some parts of the work we have done to verify their relevance in an explanation of a specific point of view.

In this exercise, it is obviously essential to avoid the danger of falling into mere “classification”, of a purely definitional character. Identifying the possible attributes of the Colornian entrepreneur or, *mutatis mutandis*, defining a Colornian “way” of reading business phenomena cannot simply be an end in itself. The idea of singling out some particular elements of entrepreneurs’ and managers’ behavior and connecting them with the work and writings of Eugenio Colorni is in fact both attractive – from the point of view of identity and for the “lessons” that can be learned – and

¹⁸⁰ And with the group of economists, private and public managers, and researchers in the orbit of the project of analysis, research, policy-making, and evaluation now under the auspices of A Colorni-Hirschman International Institute.

risky – because it is essential to avoid being perceived (by those who deal regularly with businesses) as “second-rate sorcerer’s apprentices” and thus be exposed to the risk of mutual intransigence. In a Colornian way, this operation makes sense if it succeeds in disclosing features not fully revealed by other approaches, if it sheds light on behavior, performance, and management modes, or more generally provides a perspective on business and the business person that reveals, or rather highlights, elements that up to now have gone unnoticed.

The line of reasoning in the following pages, then, is both a point of arrival and a point of departure. It is a **point of arrival** in the sense that it is the result of a long-term effort, alas going back years, concerning the role of business in economic development (particularly in the Italian South). Over the course of thirty years we have been involved with policies for businesses, the operational development of business in the South, strengthening and consolidating companies, business networks and local production systems, the development of consortium initiatives, business cooperatives...

The result is that a specific point of view undoubtedly exists regarding businesses and entrepreneurs. And that it is an approach that has numerous points of contact with other ways of looking at the entrepreneurial phenomenon, for example from the perspective of Business Economics, from the viewpoint of Local Development Economics, or from that of the Civil Economics¹⁸¹. But it is also a specific and unusual way of looking at businesses and business people,

¹⁸¹ As “Civil Economics” we here refer to the work of some Italian economists (Stefano Zamagni, Luigino Bruni and others) who focus their analysis on relational goods, starting from the legacy of the early works of Adam Smith and/or Antonio Genovesi.

and that is as a social and collective phenomenon. One which at bottom connects its function to the direct or indirect positive effects that it generates, or rather could generate, for the purpose of public happiness and possible pathways for development.

In this respect, the business and the entrepreneur are not observed, negotiated with, managed, incentivized, facilitated, conversed with as categories in themselves ... But as possible tools for economic development. And therefore, in this perspective, they themselves are both the object and subject of socioeconomic research, experimentation and economic policy. They can act directly or indirectly for the pursuit of the common good. Which is not the product of an invisible hand that miraculously solves collective problems thanks only to the pursuit of individual goals, but rather comes from the actions of a number of subjects, entrepreneurs included.

It ought to be pointed out, on the other hand, that the intention here is not to emphasize – much less mythologize – the figures of the entrepreneur and the company, or to glorify – for whatever reason – their social function and responsibility. It is a field of endeavor which is in my opinion lacking in interpretive and normative content even though nowadays, as a matter of fact, this is rather inflated¹⁸². If

¹⁸² The reference here is to the dissemination of various approaches to what is known as “business ethics” and the Business or Corporate social responsibility. The excessive emphasis given by these approaches to general principles and their successive “easy” (if not hasty) assimilation as regulatory features have created a climate of compliance around the issue. Thus, in the extreme case, it is now enough to have a well-crafted social budget to be considered a socially responsible company. In contrast, our approach accepts methodological and research considerations regarding the effectiveness of business values in action as well as the fact that these must be concretely verified in the strategic actions taken by the entrepreneur and the business (cf. Marco Vitale in *Valori imprenditoriali in azione*, V. Coda, M. Minoja, A. Tessitore, M. Vitale, eds., EGEA 2012).

anything, the mechanism is the reverse: it is in fact necessary to investigate in what contexts and conditions, and specifically and concretely in what ways, the entrepreneur and business can perform the functions that generate collective well-being.

From this standpoint, our line of reasoning is also a **point of departure** and, if you like, a research project. The Colornian entrepreneurship represents a hypothesis about entrepreneurial behavior, but also an idea about the function of an entrepreneur in society which has to be verified again and again in the individual and social actions of the entrepreneur, the running of the company, and relations with stakeholders.

Inevitably, as we shall see, this point of view includes the ambitious subjective pedagogic presumption that even an entrepreneur can “learn to learn”. In thinking in a “Colornian way” about business and entrepreneurship and in studying entrepreneurial behavior from this angle, it is possible to derive indications about how to improve the company’s ability to participate in the wider collective enterprise of generating well-being (for the country). It is as if the entrepreneur were asked to “come out of him/herself” – out of his or her own specific function – and look at personal certainties and successes in order to call them into question “self-subversively” and to activate and re-activate new capabilities for generating individual and collective value. Within certain limits, therefore, this is an “incremental ability” whose use provides the foundations for successive evolutionary developments in its applications.

“In other words, the Colornian entrepreneur and manager is also a humble person who doesn’t become big headed,

who subordinates him/herself and accepts, indeed encourages, processes of social democratization at all levels and in all contexts, even very far from the business, because he/she thinks that the progressive enhancement of the abilities of everyone (without exception) applied to every walk of life (not only that of the company) is the decisive key for the pursuit of the welfare of all. He/she has a choral vision, like that required of teachers, doctors, public executives, and so on” (Cf. Meldolesi, dialogue, Spring 2017).

The beginning, starting from Eugenio

1. The occasion for reflecting on the idea of Colornian entrepreneurship came from my reading *Microfondamenta*¹⁸³ and from the preparation of a review of it for a meeting of the Institute on the subject. I have used part of this review in my argument¹⁸⁴. The book is a selection of the prison letters from Eugenio to his wife Ursula Hirschman. It is a nimble text that affords a gradual approach to the work and person of Eugenio Colorni and displays a specific gravity of its own.

But it should also be read along with his wider opus and in the light of his lifelong effort to build a new way of seeing and discovering the world. This reading surely promotes a better understanding of the moral, intellectual, and practical workings that Eugenio had long placed at the center of his daily striving. Viewed in this way such a reading becomes both powerful and active.

¹⁸³ Eugenio Colorni. *Microfondamenta. Passi scelti dell'epistolario*, L. Meldolesi ed., Rubbettino 2016. Some chapters also published in E. Colorni, *Critical Thinking in Action*, L. Meldolesi ed., Rubbettino, 2017.

¹⁸⁴ Remarks given at the meeting of AC-HII of 20 January 2017 at the Fondazione con il Sud, Roma.

Along with his previous writings and other Institute publications, *Microfondamenta* reopens the possibility of truly understanding Colorni and what he had to offer (let's say worldwide) to the development of knowledge and to people's moral and cognitive growth. This is basically cultural "seed capital" that can sprout elsewhere... It is as if Colorni had sought and found the formula for a fertilizer that could be used in many fields.

It is clear, then, that in my opinion his is an extraordinarily useful point of view, one that truly helps us understand the world (and ourselves) because it condenses in itself heuristics and capabilities for mastering reality through a way of observing things that is constantly open to discovering. Indeed, it is precisely this "obsession" with useful discoveries that makes this approach so fruitful at a cognitive and interpretive level.

This is a central aspect of Colorni's contribution—the continual reference to understanding rather than explaining that Eugenio brings to bear during the course of his explorations. His basic criticism of what he defines as "the philosophical malady" is precisely this—that philosophers have been more concerned with explaining the world through a systemic conception than with understanding it.

When Eugenio speaks of useful knowledge, which is knowledge that actually affects people's lives and their ability to come to master reality, when he recalls the extraordinary value of a discovery... whose effect is to enable someone to do new things, previously undreamt of... he is actually achieving a "revolution" with respect to the position of traditional philosophy and the prevailing need to lay down

a “conception of the world”. If it weren’t for the fact that it is a work that originated specifically from the struggle against the “philosophical malady” with the purpose of re-kindling the capacity of knowledge to affect real problems, it might be said that Colorni’s (and Hirschman’s) position outlines and puts into practice a specific approach to the philosophy of science.

On the other hand, as we know, this approach lives on in Albert Hirschman. It lives in the abundance of his findings and discoveries, it lives in texts, observations, experiences that “never repeat” either in their object or mode. The concepts of trespassing and self-subversion, the selection of objects of observation that are always different (connections, exit and voice, passions and interests, public happiness and private happiness, the rhetoric of intransigence, etc. etc.) seem to have been devised to escape the temptation of being sucked into the “internal coherence” of theories (worse: of a single theory).

And all this without Hirschman worrying too much about the job of codification¹⁸⁵, which would have exposed him

¹⁸⁵ “Codify? We have to agree on what it means. Putting ideas in order and organizing them well is certainly possible—essential, actually. To see this just think of the care Albert took with his writings. It is also essential to avoid letting go of things: a production line of thought can last over time (according to Albert, one of his character traits was being able to follow it to the end). Finally, you have to get everything possible out of the material, as in the surprising appendices of *Journeys*. But theorizing is another story. Here the risk of being dragged out by “systemic thinking” is ever present: Eugenio never missed a chance to ridicule it. The problem remains of where to draw the line between the two. ...I don’t think Colorni would ever have codified (in the literal sense) what he was writing. Instead, he would always have tried to demonstrate in practice the concrete advantages of what he was saying. And in so doing would have shown how this or that discipline would reap the benefits of his way of seeing the world”. (Cf., Meldolesi, dialogue, Spring 2017).

to the risk of falling into the type of error that Eugenio attributes to “systems of thought” —always insisting on internal coherence or a closing of the circle.

2. In the selected correspondence with Ursula in *Microfondamenta*, Eugenio Colorni’s references to practical knowledge are precise, carefully thought through and I believe tested as well. Eugenio progressively abandons philosophizing in order to move closer to discovery. He reads physics and biology because he is progressively more passionate about a way of thinking that facilitates new discoveries and new findings. Discoveries and findings that do not set for themselves the goal of explaining reality, but rather of *understanding it so as to master it to the fullest*.

“Useful knowledge” is the point. And isn’t this, I asked myself, an interpretive key for a better understanding of companies and entrepreneurs? Isn’t it perhaps, if not the only one, the main characteristic of business activity to translate knowledge into utility, value and development? In the end, indirectly, the entrepreneurial exercise is another field in which interpretative “power” becomes “actuated” and reaches important concrete results. This is a common feature of many virtuous accounts of entrepreneurs and businesses, and it more generally permeates the daily work of popular, widespread entrepreneurship in vast areas of our country... people who can’t do anything with knowledge as an end in itself... but who “find peace” if they are able to apply it in satisfying needs and solving problems¹⁸⁶.

¹⁸⁶ Several years ago, in a conversation with Attilio Giuliani (business consultant, partner at Considi, expert in marketing and in “Nuovo Modo di Fare Mercato” [New Way of Doing Business]) about issues of business development and consolidation, specifically concerning the company I was then CEO of, Attilio made a comment, penetrating and enlightening at the same time, on the refined and theoretically complete way I made my

And yet, all this is perhaps still not enough to give a complete picture of the Hirschman-Colorni reference we make when we talk about businesses. I think this choice is best explored on at least two fronts:

A “possibilist” reading of the business and the entrepreneur as social and collective phenomena, with an explicit focus on the development side.

A reading of the business and the entrepreneur as a set of behaviors by definition susceptible to improvement, reorientation, subversion.

Before we begin exploring these perspectives, it is useful to highlight the fact that they are also the endpoint of a specific operation of action-research carried out on, with, and for businesses over the course of more or less thirty years.

The road traveled: a brief review

1. At the beginning of the 1990s, in the departments concerned with economic policy and development economics at the University of Naples, a research movement inspired by the work of Albert Hirschman was created for the purpose of understanding Southern Italian society and defining and building (multiple) routes for development.

Naturally, a specific area of investigation in this context was reserved for the phenomenon of entrepreneurship. This was not only because of the obvious consideration that in a market economy the company is the key tool for generating

arguments: “...but all this knowledge—what do you do with it? What use is it? Shouldn’t it all be put into practice, concretely tested? Made useful?”

value and development¹⁸⁷. It was also the fact that the theme itself and even its effect on Southern society were seriously undervalued by the economic and political mainstream of the time.

In those years, the explanations given by traditional Southern studies of the situation of the South were heavily influenced by the dualist approach and its main corollary—the identification of “prerequisites” for the activation of the development process¹⁸⁸. And nevertheless, an endogenous dynamism in Southern society could have been detected. While even official statistics showed that the gap was not closing, in the overall growth of the country it had in fact remained fairly stable over time. A sign that endogenous growth indeed had to be there... living standards, behavior, wealth creation seemed in some areas of South similar to those in the Central Italy and the North. How was it possible?

The Colornian-Hirschmanian intuition regarding the “philosophy of discovery” together with the many avenues of attack on the problem suggested by Hirschman’s own works and by the particular methodological conditions created by the work of Luca Meldolesi, Nicoletta Stame and

¹⁸⁷ In addition, this consideration, while obvious, collided with a socioeconomic and cultural context in which demand for “semi-public” welfare assistance prevailed. There was a perception of the function of endogenous entrepreneurship as residual if not marginal to the functioning of the Southern economy, and a call for large public and private investments from outside the region to meet the unemployment problem (held to be widespread) in the South.

¹⁸⁸ For a more detailed treatment of the issue see, among others: D. Cersosimo and C. Donzelli “Mezzo Giorno. Realtà, rappresentazioni e tendenze del cambiamento meridionale”, Donzelli Editore 2000; V. Marino “Percorsi e Strategie di sviluppo locale nel Mezzogiorno” 2002 Doctoral thesis; L. Meldolesi: “*Il nuovo arriva dal Sud. Una politica economica per il federalismo*”, Marsilio 2009.

Liliana Baculo allowed a group of young researchers to pursue a “journey of discovery” during their exam courses and graduation theses, in which their task was – simply – to look for unknown stories of entrepreneurial (or economic or administrative) success and to explain this¹⁸⁹ in an evaluative light.

2. An initial starting point was the evaluation of public policies involving research carried out in the 1990s on Law 44/86 concerning the “Creation of new youth entrepreneurship in the South”. Here, under a rigorous analysis of the strengths and weaknesses of the program, dozens of subsidized companies and public officials involved in the program enforcement were interviewed. One of the most important results of this work was that it allowed the potentially strategic value of small businesses in Southern Italy to emerge for the first time in Southern Italian society. The issue concerned both the cultural significance of the law which, for the first time and in a revolutionary way, placed financing, assistance, and support for new business initiatives from young people at the center of the development strategy for the south, and the direct consequence of this reasoning (never sufficiently emphasized in my opinion), which is that there were no anthropological obstacles to the development of entrepreneurship in this large area of the country.

At the same time, the field investigation would later show the flowering of business ventures, isolated as well as within

¹⁸⁹ It is the intuition that, in order to understand certain world operations, it is not necessary to run grand statistical elaborations (which, as Aaron Levenstein puts it: “... are like bikinis. What they reveal is striking, but what they hide is more important”). It is also useful to look at and understand reality directly ... starting from what we have right under our nose.

local *milieus*, and often specialized by sector (textiles - clothing, footwear, packaging, but also precision mechanics in the suppliers of Aerospace and Railways industry). The entrepreneurial density in a given sector, even though this did not emerge statistically in the specialized indices used to read the situation of the Italian industrial districts, showed an entirely respectable level of dynamism and importance to the local economy, with businesses operating even in foreign markets and acting within a dense local network connected with the entire national economy. This “looking beyond your nose in your own backyard” and discovering unexpected things (from good public practice¹⁹⁰ to the presence of many invisible agribusinesses) reinforced the image of a hardworking South able to compete in the markets, and led to a recognition (first extra-statistical and later statistical) of the local systems of the South and a recognition of widespread and “popular” entrepreneurship, otherwise invisible to many eyes.

At the same time, this work of discovery was also a manner to give value to the business pathways of the entrepreneurs who had been observed. At the end of the millennium, a real “information campaign” on the hidden economy was undertaken, which culminated in the birth of the *Comitato per l’Emersione* [Committee for Surfacing] and the many projects for local development connected to it. This favored a further important phenomenon – the recognition (and self-recognition) of the socioeconomic role of small and me-

¹⁹⁰ Various research groups have been set up to look in several directions at the many dimensions of development: SMEs, Public Administration, Latin America, European Union. Field research also benefited from the possibility of study abroad using facilities provided through targeted investments by Luca Meldolesi and Nicoletta Stame (in Cambridge MA, Paris, Berlin and, in the future, Brussels).

dium-sized enterprises in the South, with company development at the center of the picture. This gave rise to various projects of technical assistance and support, such as the C.U.O.R.E. help desks in Naples¹⁹¹, and the projects on business consortia¹⁹² (animation, design, planning, management) in the sectors of clothing (Positano, San Giuseppe Vesuviano), canned tomatoes (Sant'Antonio Abate), and artistic crafts (Porcelain of Capodimonte). Business schools at the local level¹⁹³ reinforced the original point of view (of the centrality of businesses in the virtuous functioning of wide areas of the South¹⁹⁴). The work on the slack of the southern economy, the search for hidden, dispersed or badly used resources thus became a field for experimentation, a “laboratory”, on both the public and private fronts. The action of “rationalization” in the service of development, aimed at enhancing existing endogenous potentials and promoting their development (whether territorial, administrative, or business) was undertaken both outside and within businesses. The widespread result of this work –

¹⁹¹ Centri Urbani Operativi per la Riqualficazione Economica delle Imprese [Urban Operational Centers for the Economic Redevelopment of Businesses] emerged from a collaboration between the Interdepartmental University Center URBAN – ECO in Naples and the City of Naples. Many young researchers were employed in action-research with hidden businesses in a number of neighborhoods in the center of Naples. The daily activities of these “emergence desks” were aimed at the identification, emergence, and resolution of problems – sometimes very concrete – that had led to the total or partial immersion of businesses.

¹⁹² For a fairly exhaustive picture of the work on business consortia, see *Primo forum sugli strumenti per l'emersione. Tra Pubblico e Privato il ruolo possibile dei consorzi per l'emersione e lo sviluppo locale del Mezzogiorno*, Quaderni del Comitato per l'emersione del lavoro non regolare, Presidenza del Consiglio, 2000.

¹⁹³ The experience of area business schools, set in motion in the sphere of the same research group, has been spreading and improving (FIELD Calabria, SISanità, SiPavia, Giugliano Scuola d'Impresa etc.), along with the attention given by social science to the study of entrepreneurial behavior.

¹⁹⁴ This process of collective emergence of the phenomenon of entrepreneurship has brought about a very real and far-reaching process of entrepreneurial emancipation in the South, not least psychological. While still seen as residual and marginal by mainstream political economy, it was nothing of the kind in the daily life of the country.

which it would be an error to call the prime mover, the only cause of these results, and which should be seen as part of the profound change that Southern society has experienced over the last 30 years – is that the South, even where it preserves its character as “*terra hostilis*”, no longer rejects the idea of business as one of the possible instruments of change and improvement for itself and the world around it. For a young person in 1980, running a business was considered a heresy (compared to working as a salaried employee, preferably for the government). Today this is no longer the case... and businesses (small, social, and dilapidated, that solve some of a community’s problems along with the large, successful ones that compete in global markets) represent one of the keys to credible development in the South.

Seen from another angle, this process – built by observing the Italian South and conversing with Albert Hirschman – allowed the emergence of an alternate interpretive hypothesis on questions concerning the development of the South and the country which, without hiding the gravity of such questions, went looking for possible ways out. The same progressive expansion of economic and social potentials in the South was thus accompanied by the development of an effective awareness of them.

Finally, over the last ten years the task of field research has been enriched by a further “change in viewpoint” – that of democratic federalism¹⁹⁵. The inter-Italian dialog with Marco Vitale, the study of federalist thinking, both Italian (Cattaneo, Sturzo) and European (starting with the work of

¹⁹⁵ See, among others, L. Meldolesi’s: *Milano Napoli. Prove di dialogo federalista* Guida, 2010; *Federalismo democratico. Per un dialogo fra uguali*, Rubettino, 2010; *Federalismo, oltre le contraffazioni* Guida, 2011; *Italia Federanda*, Rubettino, 2011; *Italici e Città IDE*, 2015.

Eugenio Colorni at Ventotene), the expansion of the field thanks to the experiences of the federalist countries of the new world (United States, Canada, Australia), and the search for possible connections with Italic potential around the world are all exercises that have helped to address the problem of the development of the South and the country from a precise perspective: the progressive democratization of society and the country in a federal key.

In the words of Marco Vitale:

democratic federalism... is not an institutional mechanism, but rather a way of fueling, reanimating, and reinforcing participatory democracy; it is a way of experiencing democracy, a political and civil culture. In the meantime federalism is a positive value in that it helps us live better as responsible citizens in a democratic state. And historical experience (across several continents – ed.) shows us that federalism has been a useful tool in the pursuit of this goal¹⁹⁶.

Meldolesi directs his efforts toward the necessary process of democratizing the country and the consequent construction of a virtuous process of collective education concerning the positive consequences of a democratic federalist approach: that it is a form of federalism in which it is not institutional features that take center-stage, but rather individual and collective behavior—that is, the leading role and responsibility of people in society, administration, business

¹⁹⁶ Introduction to L. Meldolesi *Federalismo Possibile. Per liberare lo Stato dallo statalismo e i cittadini dall'oppressione*; Edizioni Studio Domenicano, 2012.

and the state. The implicit challenge of democratic federalism is that all these different dimensions should converse harmoniously among themselves and with the territorial dimension. Within this frame of reasoning, it is easier to understand how businesses and entrepreneurs (like the other roles and responsibilities throughout the national collective, the state, the administration) should be asked for an extra effort over and above the exercise of their specific primary function. This is the effort of the active citizenship to construct a democratic society based on individual and collective responsibility to the common good. And fortunately it is also a process of continual and progressive possible learning¹⁹⁷.

3. It is appropriate, at the end of this brief review, to recall some further findings useful to our line of reasoning.

3.1 In the first place, the effects of the action-research on the subjective level. The deeply Colornian sense of this work lies in the fact that the discovery process is also a process of self-discovery, both for the observer (whose improved analytical ability, interaction with reality and command of it amount to self-improvement) and for the observed (who enters a psychological dimension of recognition of the “self in relation to the world”, previously unexplored).

An important part of this action-research has in fact been the capture of the widespread urge for prominence that existed and exists in Southern society, especially among the young, and its translation into acceptance of responsibility. This is

¹⁹⁷ Cf. L. Meldolesi *Imparare ad imparare. Saggi di incontro e di passione all'origine di una possibile metamorfosi*, Rubettino, 2013.

true in the everyday lives and personal growth of those lucky enough to be part of this small but lasting collective venture¹⁹⁸, as well as for the individual “objects” of the research. The work on informal sector emergence, as mentioned, indeed had the dual purpose of making known the vitality of many business experiences in the South, and at the same time allowing these businesses to recognize themselves as potential agents of possible change.

3.2 A further aspect to highlight is the effort made to create a harmonious condition of work for the different dimensions of analysis. For example, putting together the analyses on the improvement of the state, on federalism, evaluation and businesses. Also, putting together the private and public fronts, in the collective interests of the country. From this perspective, the company, although historically proven to be the main tool for creating value and utility, does not have the exclusive role as development activator. Because in a possibilist approach, the mechanisms of activation (the way one thing leads to another) and of development consolidation (the way a thing stabilizes over time) can also be public as well as private. They may be intentional in nature, but they can also be an intrinsic effect of human action (individual and collective); they may result from exogenous shocks (such as importing a technology or a change in the pattern of foreign markets), or from a conscious movement on the part of the socioeconomic actors of a territory¹⁹⁹.

¹⁹⁸ Later merged in “A Colorni - Hirschman International Institute”.

¹⁹⁹ For a complete representation of the richness and possibilist versatility of the Hirschmanian approach, see *Alla scoperta del Possibile. Il mondo sorprendente di Albert Hirschman*. L. Meldolesi, il Mulino 1994, reprinted by Rubbettino in 2017, trans. into English as *Discovering the possible. The surprising world of Albert Hirschman*, Notre Dame University Press, Notre Dame, Ill. 1995.

The priority of emphasis on the business front has therefore always been accompanied by two other priorities: working for improved performance from public administration, and reinforcing the processes of democratization and the activation of civil society.

3.3 Obviously, the idea that a smoothly operating administrative machine at the level of municipalities, regions and the state should be strategic and linked to its dissemination, both geographical and in the social fabric, is a fact taken for granted – and considered “ideal” in common parlance. But the particular step forward our work represents is in the core position of change and in the force – centripetal and centrifugal at the same time – of the possibilist approach.

In other words, the idea of seizing any and all opportunities that come up to bring about change—opportunities that appear not only in the “normal” alternation between private and public happiness²⁰⁰, but also on those occasions when the mutual strengthening of the two dimensions – public and private – can be generated; opportunities that stem from stimulating the adoption of policies that motivate behavior favorable to development²⁰¹; and from catalyzing the possible unintentional consequences that emerge from a certain policy, for example, or a technological transformation²⁰². On

²⁰⁰ Cf. A. Hirschman *Shifting Involvements, Private Interests and public action*, Princeton University Press, 1982.

²⁰¹ On this point, see the illuminating “Uno Schema per il Su” in L. Meldolesi, *Sud. Liberare lo sviluppo*, Carocci, Roma, 2001; also, L. Meldolesi, *Spendere meglio è possibile* Il Mulino, 1992.

²⁰² Incidentally, it is perhaps possibilism’s centrifugal potential to look in many directions that explains the professional “diaspora” we have seen in our work group, which has remained intact even as it has been enriched by many different professional dimensions and different careers. The possibilist approach has helped to foster professional positioning that respects the expectations and attitudes of individuals, with people in politics, public administration, private management, professional associations, management of private entrepreneurial initiatives, training...

closer inspection this is a key element of the approach, one we have been practicing for some time by contributing to a small Colornian-Hirschmanian tradition in which the two dimensions (public and private) are deeply interconnected and linked to the ability to generate possible change.

In this sense, once again, enterprise and entrepreneurship are among the keys to development, and are called upon to interact with other dimensions, and to be aware of the triggering and induction role they may have in activating and consolidating development processes. Business and entrepreneurship are vectors of possible change for an entire society and can (must) openly interact with it. Hence the *democratic federalist* appeal for harmony among the various (even subjective) dimensions of development; hence the ongoing attempt to build mechanisms of dialogue between the different possible dimensions of change. Hence the ongoing efforts to keep communication channels open, and a proactive role both in business and entrepreneurial development and in the the improvement of public administration.

3.4 And thus a further element emerges: there is in the work of the Institute an explicit reference to Colorni's Socratic (maieutica) approach at the level of collective education. It is an attempt to test this construction of a renewable way of dealing with problems so as to solve them collectively. The exercise of Colornism as a subjective activity is already in itself delicate and complicated, but practicing it as continuous construction the way Luca Meldolesi has done and continues to do with young and not-so-young people is a special collective cultural experiment that has no counterpart, I believe, anywhere in the world, even among those who draw on Albert Hirschman's work.

This focus of attention on a social and collective application of Colornism as an exercise in rallying and releasing the dormant energies of the South has its own specific applications in the education of young people, in work on local development in the South, in improving the performance of public administration, and in the promotion of collective entrepreneurship. And this modality, as Luca Meldolesi points out, coexists with the idea of a variety of possibilisms, corresponding to the subjective and objective conditions in which the various dramatis personae may find themselves: "*In short, there is a remarkably vast space – for people and experiences that are very different from each other, but are linked by the possibilist cognitive approach*". (Cf., Meldolesi, dialogue, Spring 2017).

In the words of Cardinal Bergoglio to the Argentine leadership classes: open tracks instead of occupying spaces.

3.5 Finally, from time to time this point of view has opened dialogue channels in several directions and among different disciplines trying to interact at the levels of analysis, policy, and evaluation, centrally as well as locally, and in public administration activity as well as in private ventures²⁰³. This is another case of a "genetic" propensity of the Colorni-Hirschman viewpoint. Widening the gaze beyond the habitual field of analysis in order both to avoid the risk of falling back on oneself and to seize the opportunity to discover new things is one of the teachings of the philosophy of discovery²⁰⁴.

²⁰³ To get an idea of this it is useful to refer to, among others, L. Meldolesi *Il nuovo arriva dal Sud. Una politica economica per il federalismo*", Marsilio 2009.

²⁰⁴ This is clearly seen in one of the last letters in the collection *Critical Thinking in Action*, Rubettino 2017, pp. 77-84, in which Eugenio hypothesizes the involvement of philosophers, biologists and physicists in the creation of a multidisciplinary scientific journal. And in his deep commitment to accomplishing this during his approximately two years

This is “ante litteram” trespassing, which we find in the work of Albert Hirschman²⁰⁵ and which comes down to our own time in the development of integrated social, economic and political analyses. It is the passage from economic development to local development, to public administration reform, to doing better with less, and to federalism; the attempt to develop the widest possible view of the entire theme of development in the South and in the country.

Innovations and compatibilities in a new way of looking at business

1. Before embarking on the conclusion of the argument, it is useful to recall a dialogue that has been initiated from time to time with analysts, scholars, policy makers and administrators. Specifically, for our purposes, this is the interaction with proponents of the idea of Italian industrial districts at the end of the last century, and the more recent interaction with the business school linked to the ISVI initiative promoted by Marco Vitale and Vittorio Coda.

Classical political economy (Smith, Genovesi, Marshall) and later local economists, especially of the Italian school (Becattini, Brusco, Rullani, Garofoli, Fuà, Dei Ottati) developed an analysis of business linked largely to its socio-economic role, both as an agent of development and in its relational dimension (with other businesses and with the local

of hiding before his death (cf. E. Colorni, *La Malattia della Metafisica*, Geri Cerchai ed. Einaudi, 2014).

²⁰⁵ The seed of trespassing sprouted primarily at Princeton when Albert Hirschman collaborated with Clifford Geertz in founding the School of Social Science. It occurs in many of Albert’s writings and explicitly in the title of a 1981 text in which he tries to overcome the obstacles between economics and politics: A. Hirschman, *Essays in Trespassing: Economics to Politics and Beyond*. New York: Cambridge University Press.

area), that went so far as to analyze complex organisms on a territorial scale, such as industrial districts, the manufacturing belt, local labor systems and so on. Between 1995 and 2005, our participation (first as guests, later as co-protagonists) in the Artimino seminars organized by IRIS in Prato enabled the theme of local production systems of the South to emerge at the national level and fueled a debate with those who had until then dealt with the question of local development looking almost exclusively at the phenomenon of the industrial districts of the so-called “Third Italy”. This dialogue, in support of the program of analysis begun in those years at the University of Naples (cf. above, section 3), led to the emergence of the question of entrepreneurship in the South as an active potential to be pursued, showed that while there was indeed a different (sometimes imposing) intensity of tone from one region to another, there was more equality within the country than had been imagined. It allowed us to absorb useful considerations on policy and on local development policies that placed entrepreneurship, companies and business systems at the center of the action²⁰⁶. It allowed us to open the reasoning of our

²⁰⁶ “The specifics of local business systems are about how the economy of the business system is integrated and how it is fueled by its environmental background. The local milieu is in fact the point of arrival of a natural and human history that provides the production organization with essential inputs such as labor, entrepreneurship, material and immaterial infrastructure, social culture and institutional organization. This territorial key thus exposes the circular or rather spiral-shaped and composite nature of the production process: production means not only transforming a set of inputs (data) into a finished product following given technical procedures in a given time frame, but also reproducing the material and human prerequisites that start the production process. The production of goods includes the social reproduction of the productive organism: along with goods, a truly complete production process should co-produce values, knowledge, institutions and the natural environment that serve to perpetuate it. The theoretical specificity and relevance of the local context lies therefore in the opportunity/necessity that it offers to examine production *in vivo* as a circular phenomenon that places technical or economic aspects (in the narrow sense) in “intimate relation” with those that are social, cultural and institutional.” G. Becattini, E. Rullani in “Mercato Globale e Sviluppo Locale”, *Economia e politica industriale* n. 47, 1993.

interlocutors to a freer interpretation of the concepts they proposed based on their research findings so that these would not be the “shirt of Nessus” that would poison their interpretation of the “different world” of the South.

I wrote in fact in my doctoral thesis (2002, cited above):

At this point it becomes easier to understand the usefulness of local development studies in the outlining of an interpretive framework for possible change in the South. In the same way, the motives become clearer for turning attention to the spontaneous formation, even in this area of the country, of specialized production zones. Southern business systems, while not able to fit the ideal district type and not possessing all the requirements of the northern benchmark, nevertheless present signs of systemic organization, a “district vocation”. The possible spiral shape of their hoped-for process of competitive consolidation suggests that the theme of strengthening Southern local systems and their businesses should be one of the cornerstones of a development strategy for the South.

On this basis as well, the aforementioned local territorial action including support for businesses, for the creation of consortia and for local development laboratories has been strengthened. The idea of interconnected business at the territorial level, together with the coexistence of mutually supporting analysis and policy, has proved particularly

compatible with the opportunity to highlight the “community” function of business and to extend the perimeter of observation for this beyond the limits of the single company.

2. More recently, it has been possible to initiate a similar dialogue with the “school” of business economics founded by Marco Vitale and Vittorio Coda. As is well known, business, the company, and the entrepreneurial function have become the object of a widespread and thorough literature. During the course of over a century of knowledge “accumulation” on the subject, fields of specialized business study have developed that extend in many directions: Business Economics, Accounting, Organizational Behavior, Entrepreneurship, Business Management, Marketing etc.

It is not the task of this short essay to provide a reasoned reconstruction of this scientific process of development, which in many fields and directions has brought about the emergence of true schools of thought as well as cultural and interpretive traditions. It is nevertheless worthwhile to recall the severe critical sentiment from within these disciplines recently expressed by Marco Vitale, among the keenest Italian observers of business phenomena:

...managerial doctrine, dealing with issues such as power and responsibility, service and property, organization, evolution and the transmission of 'human know-how' intersects with a central point of general cultural development. And it is precisely the inability to find a place for itself at this central point in general cultural evolution that accounts for the lack of cultural and civil maturity in the doctrine of management. It is my belief that the doctrine and therefore the practice of

management will not be able to reach a more mature phase of development if they cannot situate their basic problems in a broader and more personal cultural perspective that includes the theory of responsibility, property, social organizations and their ends, learning processes, and general development. (cf. M. Vitale, in “Valori d’impresa in azione”; cited above).

And undoubtedly, the approach of Vitale and Coda at ISVI is in this respect particularly compatible with our work.

The business values that ISVI has committed itself to developing and disseminating since its foundation may be summed up in a far-sighted conception of the company, its aims, its way of being and operating, the role it is called upon to play in society, and the relations it establishes with its various partners. In this conception, profit is neither absolute nor undervalued, but is pursued as a result of competitive strength and cohesive ability, and its primary purpose is to fuel these basic elements of success. If this conception of the company and its success becomes part of the way business is done and what it means to be an entrepreneur and manager, then economic and ethical values will tend to work in harmony, just as social and environmental needs tend to be in harmony with the needs of competition and profitability. This is a different approach from that of business ethics or corporate

social responsibility. Indeed, it is characterized by a unitary, systemic and dynamic vision of business issues that is held by the person guiding the business, who has a grasp of its problems of ethics and social responsibility within the greater context of what constitutes good management and good governance. (cf. ISVI, *Missione del Portale* section of website).

Consequently, “A company is an institution of public interest under private management. A strategic and operational tool for collective development” (cf. Vitale, *ibid.*, cited above). The high compatibility of this position with a research method based on the reality and especially the sharing of the principle that any merit evaluation of a business’s role revolves around the actual behavior of the company and the entrepreneur are the main findings of this inter-Italian dialogue between business and development economics²⁰⁷. Of course it seems obvious that in the ISVI approach the company’s contribution to the common welfare is seen essentially from the position of the company itself. The good management and governance of a business inspired by precise entrepreneurial values, put into practice on a daily basis by the entrepreneur, guarantee (through the mechanism of the company's values in action) the company’s contribution to the common good. The primary responsibility of the entrepreneur therefore lies in the sound management of the company and its mission of creating value for the people and the community.

²⁰⁷ These are efforts, points of view, actions and conclusions that result from intense research and interaction with reality and are fueled by a fruitful interrogation of facts rather than starting from a conception of the world. This is a mutual innovation that should be preserved and nurtured!

Our approach is somewhat different. It is as if, entering a planetarium and looking up, we were to observe the constellations that generate development: in one approach the brightest stars would be businesses, while in the other the greater brightness derives from a specific multidimensional combination of factors favorable to development, including the behavior of individuals, the local administration, public institutions in general, and businesses.

As Meldolesi puts it,

It is one thing to maintain that entrepreneurs have an important role even (and especially) in Southern society, and another to subsume (as philosophers used to put it) everyone's lives under those of a few, even the most enlightened entrepreneurs. "In that case, why not scientists?" my scientist brother would say, his pride wounded by all this talk of business people. Or moralists? Or magistrates? In the history of political and social thought, attempts have from time to time been made to find a sector of society that has more right than others to understand and thus manage public interests. Happily, democracy has swept such gibberish away... (cf. personal communication, Spring 2017).

Wrapping things up: ideas for further study

At this point the scope of the Colornian aspect of business and entrepreneurship should be a bit clearer. This is in any

case a reflection on the object under investigation (entrepreneurship and the entrepreneur), the research method and the approach utilized to explore the topic, and the political and economic implications to be drawn from it. On one hand, it is in fact a specific way of observing the workings of businesses and the behavior of entrepreneurs which links them to the general and specific needs of the surrounding environment, the area and the people. Considering the social function of a business “from the standpoint of society” obviously also means measuring its effectiveness in terms of the overall betterment of the socioeconomic system in which the entrepreneurial venture comes to life. It means observing the behavior of individuals, but also evaluating the social development of the basic entrepreneurial theme, linking it to the evolutionary dynamics of the territory and the country. But it also means looking at the enterprise as a collective possibility to emancipate people from less developed conditions. The company (with the related derivatives of self-entrepreneurship and self-employment) is a tool for building the personal dignity of individuals.

At the same time, as we have seen, this is (metaphorically speaking) a micro- and meso-economic exercise that interacts with the macro-economic level but avoids being absorbed by it in a search for general conclusions (or recipes). It is an exercise that everywhere seeks the possibilities for activating pro-development changes and that attempts, through “laboratory-style” procedures, to multiply their effects. These are research areas where the discovery of something new is also the further discovery of oneself. Where acting to favor development can generate subjective spillover that is very potent in terms of individual action.

This I believe explains the attention given to findings concerning people's lives (be they entrepreneurs, public and private managers, or researchers) and to valuing them fully in doing research. Here there is a temptation to recognize something extra in "our Colornian entrepreneurs" as compared with others. That something extra that makes them aware of the role they play even outside their business lives, namely the function of building common and collective public welfare. And this is not only the result of a process of accumulating behaviors, culture and relations that starts with the company and the way entrepreneurs and managers value their relationship with the vast community that revolves around it. It is also the opposite. That is, putting the idea of public welfare first and asking what the entrepreneur can do beyond the process of accumulation within the company (of all the types of capital I mentioned). And it will be consequently obvious that there is a behavioral value dimension that needs highlighting: the shift from the dimension of behavior oriented in keeping with the specific purpose of the company to the full assumption of responsibility to contribute actively to the common good (cf. below, point c).

Obviously, this approach gives the function of active citizen back to the entrepreneur. It calls for the assumption of wider responsibilities beyond the essential one of managing the business. It calls for conscious leadership based on the needs of society, not solely on the utility of the goods and services the firm produces. This is the most delicate point in the argument. And it is important therefore to be clear.

- a) The Colornian entrepreneur certainly assumes the primary responsibility of managing the company to create value for the business, for the clients, for the

collaborators and stakeholders. The development of the business is never out of his/her mind. It is not enough to have arrived at a specific rent position and to maintain it; the question should be how to exercise the function of development innovatively and continuously. The Colornian entrepreneur joyously emulates, we would say with Albert Hirschman, the labor of Sisyphus²⁰⁸. There is joy in the effort of pushing the boulder up the mountain, but even more in letting it go and starting again.

Such an entrepreneur is Schumpeterian *even toward him/herself*, and not only in the ability to be an “instrument” in crisis resolution and the reactivation of the economic cycle. He/she must be wary of the satisfaction that comes from success, needing, as Nietzsche would have it, always to do more. The continuous process of interaction with the market is certainly helpful in this, as, by definition, it stimulates the entrepreneur constantly to seek conditions that regenerate competitive advantage, but this has to be done independently and with humility and the results obtained need to be questioned, in the interest of creating new competitive conditions.

Thus the focus of Colornian entrepreneur’s behavior and goals is continuous learning and improvement.

²⁰⁸ Homer recounts in the *Odyssey* XI, 746-758:

“And I saw Sisyphus too, bound to his own torture, grappling his monstrous boulder with both arms working, heaving, hands struggling, legs driving, he kept on thrusting the rock uphill toward the brink, but just as it teetered, set to topple over – time and again the immense weight of the thing would wheel it back and the ruthless boulder would bound and tumble down to the plain again — so once again he would heave, would struggle to thrust it up, sweat drenching his body, dust swirling above his head”.

- b) With this in mind, it is moreover not enough for an enterprise to produce value and innovation. It also depends on “how” it produces them. The goal-directed obsession with innovation, which is fundamental for the entrepreneur, has to be deployed in the way he/she organizes the company and stimulates colleagues to pursue continuous improvement²⁰⁹. People are at the center of the entrepreneur’s own actions and those of the business, and it is for then and with them that value is built²¹⁰.

It should be noted that this is not about a romantic idea of a business as a place for the expression of the personal views of the workers. The idea is rather of a workplace that everywhere stimulates the assumption of responsibility. A workplace that stimulates people in the direction of personal growth and improving their skills, replacing a culture of duty-fulfillment with one of taking responsibility and which here again becomes a

²⁰⁹ It would be too long to go into detail about another series of events that led me to develop these considerations. But perhaps it is at least worth mentioning. Over the last ten years I have engaged with the topic of the centrality of people in entrepreneurial issues from the specific standpoint of a manager of a cooperative who actually deals with cooperation. As is known, the cooperative formula is based on the principle of democratic participation in company decision-making, collective entrepreneurship, and mutuality. These are topics that by definition point to the centrality of the person. Observing cooperatives, expanding their operations in various sectors, talking with presidents and managers, committing myself to organizing Confcooperative in the fight against false cooperatives, I became even more aware of how crucial this theme is in the success and value of many cooperative entrepreneurial pathways.

²¹⁰ In a discussion with Nicola Lamberti, mayor of Borgarello (PV) and co-founder of 7pixel, a successful company in the information field, he told me in commenting on the reasons for a conflict with his business partners: “I’m not interested in creating value regardless. What I want is to create value for others and with others. I think businesses’ capacity for growth, especially in our sector, is bound to the ability to equip themselves with the best and most creative professional resources, and to create an organization that brings out the best in them without confining them in ‘work to rule’ hierarchies. I cannot accept that my business should work in any other way”. Nicola Lamberti, personal communication, 1 June 2017.

tool for people's real emancipation. In this regard, the Colornian entrepreneur applies to him/herself and others the principle of assuming responsibility as a guiding element of behavior.

- c) At this point it is easier to understand the calling of the Colornian entrepreneur to a higher level of responsibility even beyond the limits of the business. Our question then becomes this: faced with the needs of the country and the obvious need for a leap of collective quality in terms of development, does it make sense to ask more of our entrepreneurs, private managers and consultants? Does it make sense to ask them for a direct commitment to improving public affairs through activism and responsibility in fields outside business? How can this be done and what should be done?

Is it possible to travel this Colornian-Hirschmanian road without falling into pointless rhetoric? Is there a way to verify this in the field? Acquisitions made in other fields of human life, the trans-disciplinary element, and a view of business from the standpoint of economic, democratic and civil development, fueling a dialogue that goes beyond the limits of the single enterprise – will these things lead to entrepreneurs doing their jobs better? And finally, this work is constant, personal, and continuously aimed at discovering the world and ourselves... will the ability to recognize these features in entrepreneurial matters perhaps help in the building and training of Colornian entrepreneurs?

Until now, our findings lead us to give affirmative answers to these questions.

Field Research and Local Development

Elizabeth Jelin

Unexpected linkages and social energy in collective action²¹¹

When I received the invitation for this event, I knew immediately that I wanted to be here. When I looked at the themes, I realized it would be very hard for me to fit into any of them. My ties to Albert Hirschman could not be placed in any of the categories: I did not know him as a teacher; his influence on myself is not related specifically to any of his books, writings or ideas.

My relationship was with both, Albert and Sarah, and it was a combination of links and feelings. So I came to know Albert as a scholar, as a person, as a thinker, as a philosopher and advisor, even as a friend. For many many years: I remember our meetings in the very early seventies, perhaps even before that, in Brazil. From then on, we met many times, in their visits in Argentina, in Princeton and elsewhere. Yet I want to restrain from a purely testimonial presentation about encounters and anecdotes²¹².

For this Conference, I decided to re-read the book *Getting ahead collectively. Grassroots experiences in Latin America*,²¹³

²¹¹ Paper distributed to the participants ahead of the Conference. See www.col-ornihirschman.org/first-conference-on-albert-hirschman-legacy.

²¹² In the last couple of years, there were two public instances where I came back to AH: a review of Jeremy Adelman's book for *Prismas*, and participating in a round table—in the Faculty of Economics at UBA—commemorating his 100th birthday, in 2015.

²¹³ A.O.Hirschman, *Getting Ahead Collectively. Grassroot experiences in Latin America*, Pergamon Press, 1984. The number of pages in parentheses are from this edition.

prepared by AH in 1983, when he (and in part Sarah) spent some four months visiting grassroots projects financed by the IAF in several LA countries. It is not one of his major books; rather, it is a kind of travel log with comments and, as I will pick up later on, a very good example of AH's methodology of life and work.

The context:

- Political and economic: dictatorships in several countries, with some resistance, social mobilization and hopes for democratization, poverty and emphasis on self-reliance and self-help.
- Personal/family: Sarah's program *Gente y cuentos* expanding into Latin America and its impact on Albert.

The formats of the many projects visited varied, yet in general some kind of cooperative endeavor was in place, geared towards improvement (betterment) of the life conditions of those involved, with the "help" of outsiders /IAF funding, intermediate organizations or leadership.

Although the path for their journey was very well designed and timings were set out in detail ahead of time, actual field visits and interviews had – as could have been predicted -- their own nuances, disorders and novelties. Though carefully planned and organized in an "integrated manner", the experience went in a slightly different direction, following AH's own paradigm – the one that stresses unexpected linkages, search for unanticipated roots and consequences of action.

The book that was published soon after the field trip was a combination of eyewitness reporting on some of the more

interesting situations they encountered and on project histories, seen through the eye of some Hirschmanian analytical categories that could help in understanding the dynamics of these projects.

First, something about field visits in general: Hirschman's ideas about linkages, nonlinear patterns, the productive role of disequilibria, and so on, could not be a desk exercise. Contact with social reality would provide the fuel for his thoughts on development – the dialogue with books, ideas of great thinkers, can only be done with empirical “data”, in this case, micro data. The book does not deal with macro conditions – it is devoid of political contexts (mostly dictatorships, economic crises, “bad” fare states: *estados de malestar* rather than *bienestar*), except for some minor discussions in the concluding chapter. Perhaps because of the sponsor (a US Congress foundation) or perhaps in order to draw sharper micro images, there is no context to the stories in this travellog.

I want to take up a couple of issues.

1. The concern with linkages and sequences

In reviewing cases and projects, Albert looked always dynamically, with an emphasis on linkages and consequences, expecting the unexpected, trajectories that do not fit necessary, predictable or linear sequences. Once again, he stressed disequilibria, disorderly processes, unintended consequences, or, in his own words, going both “against one thing at a time” (the title of his talk when receiving a honorary degree at the Universidad de Buenos Aires in 1989. DE 1989, “Contra la noción de una cosa por vez”) and against the paralysis caused when the attempt is to develop an “integrated program”. He systematically refused

to accept that there is only one “correct path”. And even if there are chaotic situations, they **create problems** that have to be solved, and that is a good thing. In the most abject and desolate conditions, Albert was searching for the humane capacity, for the “hope” that can become the fuel for action, for trying to solve problems, for taking advantage of opportunities.

Getting ahead collectively brings out **inverted sequences**: are land titles necessary for people to build solid brick houses instead of shacks? This may be common sense among urban developers, planners, well meaning NGO’s and the like. Yet he presents the case where land invasion in a city is done with a clear organization of the terrain and where building “decent” structures may become very important, “not only for the sake of the health and comfort of those who live in the structures, but for the survival and prosperity of the community as a whole. The more solidly and respectably built the houses are, the less likely it is that the authorities will send bulldozers to demolish the whole new settlement, and the more likely does it become that titles to the land will eventually be forthcoming” (p. 6).

He finds other disorderly sequences – against common sense and usual bureaucratic agencies. In one of them, the starting point of a project is developing some kind of economic activity for subsistence, out of which grew a demand for education. Rather than seeing education as a precondition for development, it turned out to be a by-product, the unplanned result induced by development.

Several other micro or local cases show the “unexpected” linkages that emerge throughout social processes: for instance, mechanisms designed to protect a lending agency

against default by individual borrowers end up having largely unanticipated effects in terms of group solidarity; economically based joint activities end up in public advocacy and participation. Educational projects for young people affect individual and family life.

Although such dynamic processes are known to exist and operate, development agencies usually measure and evaluate projects on the basis of the declared explicit objectives, with no concern for these other – at times even more significant - effects.

2. Social Energy

AH was concerned with success and failure, and worried a lot about what he called “fracasomanía” or the failure complex. In this adventure, he found many instances and stories of past failures, and what interested him the most is how the energy devoted to the failed project can transform itself into something else. He called this **The Principle of Conservation and Mutation of Social Energy**, i.e., seeing that “the social energies that were aroused in the course of that movement did not pass from the scene even though the movement itself did”. (55-56). Such energies then became available and were mobilized to fuel other movements. Failures of organized demands for agrarian reform, for instance, may involve positive experiences of community and solidarity, and these may outweigh the impact of failure, which would ordinarily make for withdrawal from collective action. And then they can be channeled to other collective or shared initiatives (perhaps not in such grand scale, as has happened with many radical or revolutionary militants engaging in local development projects).

My own research and life experience can add many examples from other fields. I work on memory and human rights. The issue of the human rights movement is pushing and pushing: the objective is a memorial, a monument, commemorative papers. But not being able to accomplish what they are pushing at one moment, or attempts to erect memorials that fail through vandalism and opposition, do not necessarily lead to apathy, but rather to reinforce and devote more energy to the project. Or, once accomplished, people may “rest” and the project may fade, languish or wilt. So the question I ask through my research is how to reinvent social energy. The issue of renewing social energy is a real issue for social movements.

Of course, social energies can develop and mutate without an utter sense of failure. In such cases, one talks about learning, about collective action taking advantage of new opportunities, and the like. Some grassroots women’s projects, for instance, involve leaving the isolation of family and household to meet with other women in order to achieve something (that may be seen as an improvement for family life – a crèche, running water, a health center). The new experience, developed for such objectives, involves meeting others and learning new ways of action, that will then be applied to other objectives, or that could become an end in themselves.

3. The meaning of the book

The book has a sense of naiveté or candor, a sense of celebration of small local accomplishments, with not much room for generalizing, theorizing, drawing big lessons, or extrapolating to the macro level. Perhaps there is a degree of romanticizing the experiences, with little concern with a

view that prevails in local development since: that of “sustainability”. Yet Hirschman’s interest in the unexpected and in the dynamic turn of events, I think, would imply that a notion of sustainability where the emphasis is on “more of the same” would not be his major concern.

The last chapter of the book is again a typical Hirschmanian product:

- “why not be satisfied with ‘saving souls’, that is, with rejoicing over whatever advances in human welfare, solidarity and hope are being achieved, without attempting the impossible task ... of comparing the resulting ‘total’ to some equally nebulous concept such as the General Economic welfare or the Prospects for democracy?”
- Grassroots development refuses to be judged by these standard. Activity is valuable in itself without regard to its overall impact.
- Politically, the same holds. Grassroot development is not a panacea for political change. It may lead young middle-class professionals to open their careers as *promotores sociales*. And it may have some effects on collective action for other goals, beyond the specific explicit one.
- What about the movements themselves? Dense networks of such movements are bound to change society, insofar as social relations become more caring and less private (vs. demobilization of authoritarianism). They might become movements for political openings, reinforcing pluralist politics, involve new voices, mutual learning and the like.
- Are they a road towards recognition of rights? At the time, social activism was moving into a vacuum left by the decay of other political institutions. The incipient language of rights, of recognition and of struggle may

eventually help to overcome distance between actual conditions of life and formal rights.

I think the exercise was aimed at several targets – some conjunctural; others longer-lasting:

- fracasomanía in the region
- praising collective endeavors at times of dictatorship and constraints to collective action in many places
- internal politics of the IAF and its links to the US government and Congress
- a true belief in micro-foundations of macro processes
- a gusto for small ideas, *petites idées*.

And this brings me to the last point I want to make:

4. On small ideas

Albert Hirschman opposed great schemes, models or theories, in the personal, in the intellectual and in the academic fields. This propensity is crucial (and difficult, challenging) in his biography (and a difficulty for his biographer): the centrality of "small ideas", the affirmation of the productivity of doubt, the emphasis on imbalance and even failure as engines of change, the analysis of unintended consequences, his criticism of models that speak of "one thing at a time", the delight of paradoxes. Even his greatest contribution to development theory lies in showing that great theories do not serve and tend to be wrong.

Taking the world and his daily experiences as fieldwork exercises was part of Hirschman's way of life: he paid attention and recorded the observations of everyday life. He urged to stay away from abstract theories and to practice the art of observation permanently. "*Petites idées*", the little ideas of everyday life recorded on small pieces of paper and

notebooks, were not records connected with ideologies or worldviews, but rather occasional annotations of what attracted attention, and often served to subvert general statements. "As these little ideas are everywhere, like tree leaves, the skill lay in how to put them together and transform them into a great idea", Adelman (2013, p. 115)²¹⁴ tells us in his biography. In fact, some of these observations were the germ and were transformed into his great books.

In a sense, fieldwork was life itself. Life experiences would provide the raw materials for systematic study, analysis and reanalysis, also for doubt and for subverting and self-subverting convictions and certainties. Again quoting Adelman,

“What he wanted was not so much a theory with predictive powers, but a way to think about societies and economies ... Excursions into real life ... were never digressions for H; they were built into the purpose of observing the world to derive greater insight, and from insights invent concepts that could in turn be tested, molded, refashioned and even discarded by the course of time... Underneath it all, H had a sense that human actions and choices were the engine of social possibilities and that any history of possible futures ... starts its life as an observation of the human by another human” (Adelman, 2013, p. 655-656).

²¹⁴ J. Adelman, *Wordly Philosopher. The Odyssey of Albert O. Hirschman*, Princeton University Press, 2013.

It was the observation and engagement with life – personal, family, political, economic—that fueled his thoughts. It was literature that provided the elegance and aesthetics pleasure in his writings and especially, his titles. Once we asked him how he got to the amazing remarkable titles. His answer: “I read and re-read Flaubert”.

“Hirschman’s odyssey can be read as a journey with no particular end”, says Adelman. And this reminds me of Antonio Machado’s poem,

Caminante, son tus huellas
el camino, y nada más;
caminante, no hay camino,
se hace camino al andar.
Al andar se hace camino,
y al volver la vista atrás
se ve la senda que nunca
se ha de volver a pisar.
Caminante, no hay camino,
sino estelas en la mar.

Laura Tagle

Evaluation for local development

I will talk about my own research on how you evaluate for local development. This is a research I have conducted in the last few years, starting in 2013. Actually the idea goes much back, even before I started thinking about securing funding for a “pilot project” and putting together a research team to conduct it. The research revolves about how you evaluate for local development, rather than how you evaluate local development projects and programs. Evaluating local development projects is something we know how to do and there are many ways of doing: one of them was actually initiated by Elena Saraceno in the framework of the LEADER program: she said earlier today that “you don’t evaluate bottom up programs in the way you evaluate top down programs” and she is totally right. There are many ways, Hirschmanian and not Hirschmanian of evaluating local development interventions—some of them may even be Hirschmanian without knowing it, as was also mentioned in other interventions here at the Conference.

What does it mean to evaluate for local development? First, the evaluation is not done for a funding agency, but, rather, for a local organization which has developed and implemented a vision of change in their community, in the area where they work. The client is not the community in the sense of the beneficiaries of the interventions and of the services which are implemented, but, rather the implementers, the people who work in the organizations that actually

think out and implement local projects or services. I am thinking of a vision of change developed by an organization that is embedded in a community and operates in that area in the long term.

We actually don't know much about how you evaluate for that, to support the development of these visions, which often are not embedded in formal strategies. The vision of change may manifest itself in projects that are then presented to the funders and speak the language of the funders. "They tell you what you want to hear" is what people at the center lament. Even when central agencies wanting to fund local development projects or comprehensive local development strategies, go to the target areas with the best of intentions, they complain that people at the local level are talking "developmentese" to them. If you are a central agency, of course, people talk to you that way, because everybody is trying to get the money, and in order to convince you, they tell you what they think you want to hear.

So, we thought of identifying as our evaluation clients among local actors who have the disposition of local development agents, such as local agencies, local governments, associations, or the Local Action Groups initiated by the LEADER Initiative (this was a European Commission program, and now is a permanent intervention approach of EU-funded Rural Development Programs—the LEADER approach is conceived for the European Commission to help develop and implement local strategies and has developed a common language across Europe).

In order to find out how to evaluate for local development, we conducted three evaluations, and for each we chose a

local actor to be our partner. We chose them among organizations that had been in there area of action all the time and which had been already studied by others as established success cases.

What do you evaluate when you do that? You can evaluate the projects your local partner has implemented. Actually, social organizations are very interested in finding out what happened to them, and even in comparing with others. But again, why do a “pilot” for this? We do know how to evaluate local projects.

More interestingly, you can evaluate central policies: first, the impact of central policies, programs, and projects that external, central agencies implement in the area—both the impact of each intervention and the way various central interventions interact in the same area. Second, you can investigate how multi-level governance arrangements design the space that local actors have to act. This defines the latitude left to local action and whether local actors can actually find the (financial, human, relational, institutional, and knowledge) resources they need to implement their vision of change. Both issues are interesting for local actors, even though, of course, since they are themselves local policy-makers, they already have implicit and explicit knowledge of these issues. Just like central policy-makers, local actors have an idea about what the latitude of their action is, what their experience is, and what they are achieving. Often, therefore, just like central actors, local ones feel they don’t need evaluation.

These are all the issues that you address when you act as an evaluator for local clients. We had to reconstruct their theory of change, their vision, from scratch, often without the support of formally expressed strategies.

An important part of this work was to reconstruct our local partners' value systems, which we needed in order to judge the outcomes of central policies and multi-level governance arrangements. In reconstructing their values, we found that we had to question our own values. In fact, what we discussed yesterday in the first session is actually very important to us. Practically it is among the basic points that we investigated: the need to understand what your values are, in order to extricate yourself from the other and perceive the otherness of the people you are studying and for whom you are studying. We found out that we could identify with Ellerman's values, namely those that define that an intervention is worthwhile if it increases local actors' autonomy and if it doesn't increase their dependence on central public interventions. Only then, we could work on our clients' values, reconstruct their theory, especially what they thought is good or wrong, what their vision of change for their community was.

Yesterday we talked about how you study values, the moral stance of science as an object of study. In our pilot project, we were working on this because we used local actors' and Ellerman's values as the uptake to actually evaluate. The entire research was based on those values: they were very explicit. It is interesting that upholding our local clients' values is one of the things that has been most challenged by everybody we have been talking with. The amount of the suspicion against our local partners' moral stance and values is comparable only to the suspicion that there is about

that “arch-monster” that the World Bank is sometimes construed to be. Everybody was saying: “What legitimacy do these local actors have? They may be corrupt, inefficient and what not”. But, interestingly, this came from evaluators who just take objectives and values from their client like the Bible. This is interesting, because as an evaluator, you should always question your client’s goals, objectives, and values before using them in your evaluation, not only when your partner is local.

We needed to see things as local actors see them. And this is very interesting, because when we started to look from their standpoint, we found that local actors really have a different way of seeing things. When they apply to participate in an intervention, local actors usually don’t buy into a program, they don’t adhere to program objectives and logic. Rather, they just try to get the funding to implement their own change strategies. From their point of view, the “Program” actually disappears. During our evaluations, we knew that programs were there, because we had studied them before, but we could barely recognize them from our partners’ point of view. All the carefully constructed program structures magically disappeared: nothing was left but what really happened: both the active actions (such as granting state aid or providing services) and the negative actions, “non-actions” such as inertia, neglect, delays, time gaps between one program and the following one, unequal enforcement of rules, uneven implementation, and inequality of implementation by groups and gender. These “non-actions” were paramount and were tantamount to actions: however unintentional, they happened and changed completely the sense and the outcomes of central public investment.

An example of how “non-actions” in an area reversed the meaning and outcome of even carefully designed policies is social policy in Naples. Italy’s social policy is constructed in such a way that it emphasizes the agency of local organization: the idea is that if an organization is embedded in a community, it supposedly knows the community best and is best placed to take action. The policy intends to put these organizations on the forefront of action. In reality, the way regional and municipal authorities implemented social policy in Naples made it impossible for our partner, a local agency which had been devising and implementing projects for local youth in the area for 40 years and was internationally acknowledged, to survive. At the time we conducted the evaluation for them, they feared they were on the verge of closing up, because there was a very, very long time gap between the moment when they operated and the moment the government actually paid them. Non-embedded organizations operating in the same area and sector had other sources of income, and could withstand the consequences of the delays. They actually grew stronger, securing resources (especially human resources) from our partner. Therefore, neglect, delays, and time gaps (in short, non-actions), regardless of whatever intention or whatever architecture, are more important than anything else in determining the outcomes of public action, up to actually achieving the contrary of what the interventions want to achieve. Looking through the eyes of local actors, final effects are manifest—and are the only thing that matters. The point of view of funding or coordinating agencies, instead, may be obfuscated by the architecture and intentions of interventions.

We also reversed the evaluation logic: first, we identified phenomena which were very relevant in the area, and then

we worked backward, trying to identify which policies had interested them. And we used an abductive logic, differently from what is usually done in evaluation. This is what Hirschman - and Judith - did: you go there and do all the “humble things” that Tito reminded us they did (such as direct field research, interviewing people, and consulting sources), but that was not just because you need to back up your research results and talk to your client organization with “assertiveness” (as Tito said about Judith). Rather, we actually needed to see things from an entirely different point of view, and with the respect that Hirschman showed in his observations: he was not observing objects, he was observing people, with their own agency, their own otherness. Respect for the specificity, agency, and “otherness” of people and organizations is the basis of what we all do.

What we saw also gave a new meaning to the notion of success: what is considered success is defined through a negotiation between the goals of the central agency and the goals of the local organization. This comes from the political nature of local development policies. And this is something that actually is coming not so much from the tradition of Hirschman’s work, but from what we learned from Luca’s teaching and practice of development policies and from Nicoletta’s practice and theory about evaluation.

Hirschman’s teaching puts the importance of fieldwork not only in the idea that you go to the field only because you need to find out what people are actually doing and go back to your client saying “this is what you think they are doing and this is what they actually are doing”. No, you go to the community and then can say to funding and coordinating agencies “this is what people are doing, and they are damn right in doing it that way, because this is what fits in with

their aspirations and with the actual conditions in which they operate”.

We called this way of evaluating from the point of view of local actors REVES: we approach evaluation backwards, reversing points of views (putting first the implementers' view), causal logic (starting from phenomena to identify causes), and values (using implementers' values over planners' ones). We chose the name REVES from “aquí en el Tropicó hacemos todo al revés” (here in the Tropics we do everything backward”). This is a phrase that surprised Hirschman when he was in Colombia: at the same time, people were self-deprecating their presumed backwardness and vindicating their knowledge of their specific reality vis-à-vis outsiders coming from developed countries and funding organizations.

Salo Coslovsky

Is there a future to qualitative evaluation research?

I want to start like many people did, by laying out a little bit of my biography and why I am here. I am originally from Brazil, I came to the US to get my masters degree, and in one of my very first classes, the professor assigned us a set of very high quality books, and one of them was *Good Government in the Tropics* by Judith Tendler. Back in Brazil, I had obtained a public administration degree and worked for the government. At that time, in the mid-1990s, the job of the public servant was to make sure that the lights were off after everybody had been fired, or all government agencies had been privatized. It was really a hostile moment for public administration, and reading that book by Judith, it really struck me. “Oh, this is so brilliant, and at the same time so obvious, and nobody has said it before”. I was really struck, and that’s what I wanted to do. I wanted to learn how to do that kind of research. So I badgered Judith for a long time, she didn’t want to hear from me at first, but then she became my advisor, and I got my Ph.D. with her, and I have been teaching at NYU ever since.

That’s the kind of tradition I come from. And the question that I want to discuss in this talk is something that I personally grapple with, so there is a selfish element in this: What is the future for this kind of research? What’s the future for what some people call “qualitative evaluation research”, or

on some earlier papers she called “policy-oriented qualitative research”, or simply “fieldwork-based research”? None of these terms are really accurate, they don’t really capture exactly what we are talking about. So first I want to elaborate more on what I mean by qualitative evaluation research.

I think the real difference, and it has been hinted at by different speakers, resides in the understanding of where knowledge resides. In mainstream research, knowledge resides with the academics. We have the ideas, and we have the hypothesis, and we go to the field to test it. So the people who are on the front lines, they are the guinea pigs, they are leading their lives, and you run experiments on them, and you confirm your hypothesis, you check your hypothesis; whatever you do, you come back with that knowledge, and you present it back to your peers in academia, and that’s where knowledge resides.

In the Hirschman-Tendler tradition, it is the reverse. The knowledge resides with the people in the field: they know what they do, they know why they are doing it. And they are experimenting, innovating, and finding paths, however narrow, that might lead to positive results. The job of the researcher is to learn from them, codify that knowledge, and then help disseminate it.

So the competitive advantage [of the researcher] lies, in a sense, in the idea that the people who are doing it, that have the knowledge, they might not have the distance, or the perspective, to see across cases, to really understand what is going on. They know it’s working, and they may have theo-

ries of why it is working, but they might not have an understanding of what is replicable, what's crucial, what is the essence of what is going on.

And that is the advantage of the researcher who comes from the outside and can learn from them. So in this tradition, you bring a lot of the knowledge that resides in academia, but you are not in the field to test it, to see if it is true or false. Rather, you are looking for puzzles, you are looking for surprises. And those surprises emerge from the discomfort between what you know and what you see, and this tension is where that new knowledge resides, that is what you are looking for. But finding the tension is just the first step, there are many additional challenges to codifying it, and I'll talk about them in a moment. But first I want to illustrate my claim that, in this tradition, front line agents know best.

For example, Judith used to say that her harshest audience, the people who were really difficult to please, were not the academics: "Anything I say, they will nod their heads. They are not a problem, even publishing in peer review, it is a pain but not that difficult". Presenting back to practitioners, however, that's a real challenge. She would tremble. She would say, "I have to present it back to people who really know it, and now they are going to hold my feet to the fire, they are going to check, [it will be] the moment of truth, did I get it right?"

Another example, at some point we convinced her to teach a class on interviewing techniques, on how do you do this kind of research, she taught us about the importance of follow-up questions, when to ask for examples, how to pursue different lines of questioning, how not to take anything for

granted, and so on. At some point, someone concluded, “it is like playing dumb”. “You keep asking ‘why’, as if you were a dumb person who does not understand anything”. Judith said, “I’ve heard people say that, but that’s not how I see it”. Then somebody else said, “it is like a jiu-jitsu match, or a boxing match, in which you are locked in a fight with this person who has the knowledge, and he or she is hiding it from you, and you are trying to take it from them”.

Judith said, no, no, it is more like a musician and a violin. You need both to make beautiful music, but putting them together is not enough, the violinist needs to know how to play the violin, how to maneuver, and hold and move the violin: if you do a good job, then you make good music, the music flows from the interaction, and [when it is well done] it might even seem effortless. That was her understanding of the job of the researcher in the field.

Hirschman and Judith did a lot of that kind of field work many years ago. A lot of his books were published in the ‘60s, the ‘70s. She did her most famous and ground-breaking work in the ‘80s, and the most recent in that vein was published in 1997, already a fairly long time ago.

So the question is: is there still place for this kind of research today? I don’t have an answer and that’s why I wanted to open a conversation.

She was one of Hirschman’s only students, but she was more prolific in that sense. She had 20, 30 or 40 people that studied in that tradition, we are all over the world now: international organizations, some of us are in academia, some work into government, some in the US, some in Italy, some in Brazil. So there is a lot of that experience out there, but

many of us feel isolated - like, I'm the only one who do what I do. So this is an attempt to try and see, is there a future for this, and what are the steps forward in strengthening this line of thinking and acting.

When Tendler research students were doing that research, when it was really proved to be effective, a source of good insight, it was a very different time. We didn't have the computational power that we have today. We did not have the internet, we didn't have enormous datasets that we have today, we didn't have this power of dissemination. I imagine that when Hirschman was publishing in *World Politics* and the *American Economic Review*, it was not only because these places were more permissive in accepting out-of-the-mainstream kind of research, but where else would you publish that kind of insight? But does that apply today, if you are doing that kind of research today, is that the way to go? And then the institutions and the disciplines are much more stratified and balkanized. So these are some of the background conditions for considering this question.

Hirschman had an unusual career, Judith had somewhat an unusual career. I got the advice not to do what they did, because I would not get a job or tenure in an American university. I feel that somehow a gap in the space-time continuum allowed me to sneak through, but should I train somebody, a Ph.D. student, to do that kind of work? Would they find the kind of space that I found? I do not know.

On the bright side, there is a lot of money going into evaluation research. I want to take issue with one earlier speaker, who said that development economics is a sort of fringe in economics. I don't think that it is true at all. If you go to the major departments of economics, development

economic themes are some of the leading themes. And if you go to the international organizations, they are putting a lot of money and effort, interacting with development economists and learning from them. So there is enormous demand, and there is enormous supply of evaluation research, and that's some the space that qualitative research would occupy, but I am not sure if it is being used to its full potential.

And then, why is that the case? There are many difficulties to this. One is that this research is opaque. You go to the field and ask questions and come back with an insight. But how exactly do you do it? There is a mystery to that, you can't specify all your questions in advance, you can't really list and record and transcribe all the answers, nobody wants to see a 300-page appendix with details of all your interviews. So there is an element of being opaque.

There is also an element of variance, it is very easy to do a terrible job. You go to the field, and then you talk to people, and you may talk to the wrong people, you don't keep track of what you should have written down, and then you come back and you produce this report, and it is a repetition of what everybody else knows, a waste of time. This is not to say that other kinds of research cannot have enormous variance, but maybe in this kind of qualitative research it is harder to hide, you don't have a lot of weapons or shields to hide behind so that you can claim that the research was well done.

It is not easy to replicate, you cannot have somebody go and do it again in the same way, and there is an enormous push for more replication in quantitative research, and in qualitative research as well. But this one is not amenable to being

replicable. What Judith used to say is: “well, I did my research in Ceará, because that is where I ended up when writing the *Good Government* book. But I am sure that if I had gone to any other state, I would have found the same thing”. So that was her claim that it had validity. And you hear it, and it kind of makes sense, because what I have seen, the life experiences I bring to bear on this, I believe her claim. But not because it was replicated, but because I believe it would be replicated if it could.

It is also very hard to absorb. The insights are not always actionable. So you bring that to your funders, bring that to the organization: “All you say is true, it is insightful, but what should I do with this?” It is not always easy to derive actionable items from that research.

And it is also very hard to teach, it is not something that you can parcel out in pieces, and have different people doing it and bring back the results; you cannot parcel out the training either. You go and take statistics, take the econometric sequence that others teach, and I give you the dataset, and each person crunches a part of that, and I collate everything. Qualitative research is very labor intensive. Even when done in teams, we are all writing everybody else’s papers. It has the opposite of economies of scale, it has diseconomies of scale, you have to work not only on your paper, but on everyone else’s papers.

What about the pros? One advantage is that it is very grounded, and by grounded I mean when you are doing research of this nature you are sure to know that the answer works in the place in which it was done; you know the constraints have been taken into account from the get-go by design. I had an interesting experience when reading *The*

*discovery of grounded theory*²¹⁵, which is a famous qualitative methodology book from the 1960s or 1970s, and I read it after I had already done a lot of research, and I had that same feeling as the person who goes to a English literature class: “Oh, I have been talking in prose all my life, and I didn’t know”. So, I had been discovering grounded theory all my life and I did not know it. So it is not to say this kind of research is not recognized, does not have value, it is not codified.

It’s very creative, it is not bound by what you know, you never know what you will find, it is finding new things, it’s unsettling in this way, you don’t know where it will take you.

And it can be brilliant, when it is really well done it produces that moment of insight, doing it and reading it is really pleasing and satisfying, a source of intellectual satisfaction.

Many people have done it, of course, in addition to Albert Hirschman and Judith Tandler. I’d claim that Jane Jacobs was a practitioner of this kind of research, going to the field, observing things, and seeing what nobody else had seen, but that seem obvious after she had described it.

And another one, less visible practitioner, I was just reminded that George Akerlof, the economist, his most famous paper, on the market for lemons, for which he got the Nobel prize, was based on fieldwork he did in India. And you start reading the paper, and the first thing that he says

²¹⁵ B. Glazer and A.L. Strauss, *The Discovery of Grounded Theory*, Aldine Publishing Company, Chicago, 1967.

is “this is an attempt to understand why business in developing countries is so difficult”. It is filled up with equations, on that sense it is different. But then he gave interviews about this paper, and he did not know which equations to use. In his first attempt he used a different modeling technique. And somebody said “economists are not going to buy this, they will not understand it, you have to do it differently”. So he did it differently, and changed the equations. But still, he had a terrible time publishing it, because every journal was rejecting it; half of the time it was rejected because it was obvious, everybody knows this, and half of the time, people said it was impossible. So when you are bound by the obvious and the impossible, you know you are on the right track.

Another way to look at it, pros and cons, maybe Krugman when he wrote that notorious attack on Hirschman in 1993-94, maybe he was right, maybe Hirschman really missed the boat by his reluctance to adopt economic modeling technique, maybe he led his followers into exile, and they perished in exile. But then maybe we have to take a look at what Krugman wrote more recently, after the financial crisis, in which he asked: “how did economics go so wrong?”, “how did we miss the crisis?”, and his own answer is that maybe we mistook beauty, clad in impressive-looking mathematics, for truth.

So maybe there is still room for this kind of research that is not concerned so much with impressive-looking mathematics and is more concerned with [grounded] truth.

And the final way that I think about it is that there is a strong element of a craft, and like other crafts, such as shoemakers, tailors, painters, they really get hammered by the

routinization and advances in technology that devalue that craft. Each case is different, but there may be something really important that is lost when that craft gets completely erased from the picture. But who is going to do the craft if the routinized approach is so much more productive and easy to spread?

And that's why I want to end with a question, based on the eclectic group that we have here, of people who work in the government, in NGOs, international organizations, in the field, in academia. What is the future for qualitative research, for this kind of qualitative research? It is not something I have an answer for.

Neither Hirschman nor Judith were big institution builders. They cared about people, but they were not about creating sections and institutes to advance their legacy. So maybe that's what has to be done. I'm not totally sure, but we got to start to explore it, with a network with people, who think in the same way, and want to talk to each other, and keep it not only alive, but to keep it moving, what is it that it should look like going forward.

National Power, Passions and Interests, and the World Today

Baruch Knei-Paz

From expected to unintended consequences

To sleep fast you need a pill – an old Jewish dictum says. To talk fast you need a podium. Luca, Nicoletta: you've built an empire! It is like when Lionel Messi scores a goal: ola! After two days of extensive and exhaustive discussion on almost every aspect of Albert Hirschman's work, much of which I did not even know about, I feel like the seventh or eighth husband of Elisabeth Taylor or of Zaza Gabor. What can I offer to her that she has not seen yet? Fortunately there are certain aspects of Hirschman's work that have not been covered. So I will speak about them in the few minutes at my disposal; and then I will come back to *The Passions and the Interests*.

First of all: I knew Albert Hirschman quite well during the year I spent as a visiting fellow, or as a member as they called it, at the Institute for Advanced Study. By chance I was given an office next to his. I went into his office quite often. We had many discussions. We were both younger of course; but he was older than me. He was a likable person. He spoke sparsely, slowly. He spoke gently. And I was rather involved because what he did say was of such interest.

I always think of him as the greatest economist of the 20th century who never received the Nobel Prize. And that says something not about him, but about the people who choose. It is open to discussion why that happened. One of the reasons, mentioned here quite often, is that he did not like

paradigms; and certainly did not like econometrics; and did not like the quantitative approach to economics either. I am not an economist, I am not entering into that discussion. But I would note that that lack of the Nobel Prize recognition is unfortunate, because he deserved it, because he deserved it in every sense of the word. I speak here not in terms of economics as such, but in terms of his history, his ethics, the manner in which, in a panoramic way, social issues, human issues, moral issues in the economic sphere etc. were addressed by him; i.e., what people go through in their lives.

The Passions and the Interests, for instance, is not on economics, although it is full of economics. There is not a single mathematical formula here. Everyone who is not a modern economist can read it and understand it. Even economists are able to understand it. It is a great book. It is a book on the history of ideas, and on the consequences of those ideas. It is an attempt to understand the manners in which great intellectual minds, from Machiavelli onwards, influenced our world: through Montesquieu, and even Baruch (my name) Spinoza, of course David Hume, and lastly Adam Smith. Incidentally, he wrote in his own book a summary that is very, very cautious about the coming of capitalism. Surprising as it may seem; because he is so often identified with the idea of capitalism. But he was very worried by it.

The Passions and the Interests is a book in which, as commerce came into being more and more (capitalism, of course, but they did not call it that), these people began to justify this form of the economy. And so they turned the notion of passions, that were considered so negative, so bad by virtually everyone – from St. Augustine onward. Passions were thought to be retrograde, to destroy human life, etc.

These people replaced passions with the notion of interests. We know this quite well, of course. And so they were able, by using the term interest, to make capitalism, or the coming of capitalism, much more respectable. Let me give you a couple of examples. Here is Samuel Johnson “There are few ways in which a man can be more innocently employed than in getting money”. For a long time getting money was considered something negative, something bad. And here is Montesquieu: “... it is almost a general rule that wherever the ways of man are gentle (*moeurs douces*) there is commerce; and wherever there is commerce, there the ways of man are gentle”. “Commerce... polishes and softens (*adoucit*) barbarian ways as we can see everyday”. And then Albert resumes his argument by quoting David Hume: “It is an infallible consequence of all industrious professions,... to make the love of gain prevail over the love of pleasure”.

This is an attempt by these thinkers (and others I am not going to quote) to try and make way for the coming of the new phenomenon that eventually would become capitalism and that has been with us for hundreds of years by now. What Albert has done is to show how wrong they got it, because in the end he says “if they could see what came out of it all they would shudder”. I have here a long quote because it is important:

“But the idea that men pursuing their interests would be forever harmless was decisively given up only when the reality of capitalist development was in full view. As economic growth in the nineteen and twentieth century uprooted millions of people, impoverished numerous groups while enriching some, caused large scale unemployment during

cyclical depressions, and produced modern mass society, it became clear to a number of observers that those caught in these transformations would on occasion become passionate – passionately angry, fearful, resentful”.

I. e., all this brought back those passions that once were considered so negative. I do not want to go into the discussion on what is wrong with capitalism: it is a different story. But certainly, in Hirschman’s view, those thinkers would have been surprised by what followed. He firstly calls this the problem of unintended consequences at the end of the book.

“On the one hand, there is no doubt that human actions and social decisions tend to have consequences that were entirely unintended at the outset. But, on the other hand, these actions and decisions are often taken because they are *earnestly and fully expected to have certain effects that then wholly fail to materialize*”.

In other words, they presented certain ideas that they believed would lead to something that they wanted to happen; while in fact those ideas led to something they did not want to happen.

“The latter phenomenon, while being the structural obverse of the former, is also likely to be one of its causes; the illusory expectations that are associated to certain social decisions at the time of their adoption help keep their *real* future effects from view”. “It may be remarked that Santayana’s maxim, ‘those who do not remember the past are condemned to

repeat it' is more likely to hold rigorously for the history of *ideas* than for the history of events. The latter, as we all know, never quite repeats itself; but *vaguely similar* circumstances at two different and perhaps distant points of time may very well give rise to *identical and identically flawed* responses if the earlier intellectual episode has been forgotten". In other words, it is not the event, but the manner in which we think of the future that repeats, of course, constantly.

This is something we think about; what I have done throughout my life. And it is the problem of the Russian Revolution. Think about it. It is a planned revolution. You may look at it as the greatest failure in planning of the twentieth century. We are all very smart, very wise afterwards because it has collapsed by now. But think of the damage, the tragedies and so on and so forth. How did all this happen. It is a long story, I'll make it short.

It all began with the notion of progress which was reinvented, or if you like rediscovered – it may have existed in ancient Greece – sometime during the period of the Enlightenment. Progress became the view that men are perfectible. And that they move in a certain direction, a better direction. We are becoming better all the time from every point of view, and not only from the point of view of income, character, or stature. The jump from here to Karl Marx is very short one. It is the whole basis of the Marxian view of the world. And Marx turned this into a scientific notion (scientific in his sense) that human beings can perfect themselves. He spent a lot of time agonizing over the issue whether the process of perfectibility was in fact uniform for all mankind. I think in the end he decided yes.

But in the context of the subject I am talking about – the Russian Revolution – he had a kind of a doubt. At the end of his life, a year before his death (1883), he was asked by Russian populists: “what do you think of us, are we part of this world history or are we something else?” Many documents exist on this. And there are endless squibs, letters that he wrote in which he agonizes on this. By then the so called proletarian revolution in Europe had disintegrated – already in 1848, and in the fifties. By the sixties Marx was already quite pessimistic; even if he believed that if not now in the last resort the revolution would come. But eventually he came out with the idea that there was in Russia an institution that might provide a basis for leaping over stages. And that institution was the *obscina*, the Russian village commune. He thought that the basis was there for Russia to avoid what he called the awful consequences of capitalism. Of course this was nonsense. The *obscina* was not a basis for anything; it was only a primitive form of communal life. But from this it was only a short step. Trotsky first, but then Lenin also jumped at this idea...

A final word. Unintended consequences are a big problem in our life. We think of creating positive things and we end up with negative ones. I come from a country that has suffered so many unintended consequences. I think that it is time not only for economists but for all of us to be a bit more moderate in our ambitions. Instead of speaking of big plans, we should try and lower our expectations so that the actual consequences will be more in line with what we expect.

Q&A: Marianne Egger de Campo, Baruch Knei-Paz.

Marianne Egger de Campo

A question for Baruch. You seem to be buying this idea of progress. Is it true? It is a very risky stand because there are true believers that history is behind them and that they have the right to go against those who are less progressive than them. And also I would like you to talk about Israel from your point of view.

Baruch Knei-Paz

Thank you, Marianne, for asking that easy question. I do believe in progress but in a moderate sense. I was talking about how Marx, and, I now add, how Hegel believed in progress. Both were looking to the non-European world and saying: “look at it, there is no change, and therefore there is no history”. They were only interested in history and change. There was only history in Europe because there was always change. The point about Marx was of course that he was obsessed by this notion of change; that he came to look at imperialism of his time and fell in love with it. Because imperialism was introducing change into a non-European, non-Western world. Finally, he thought, we will have not only history in Europe: we will have global history. Imperialism – he said – is terrible for these non-Europeans: it creates chaos etc. But this is good. Why? Because it promotes progress. I do not buy into that. I am only a messenger.

Israel. I say just in one word that in 1967, fifty years ago, you had a war. It was not a planned war. For those of us who were there in our early twenties it was very unexpected

to find ourselves in war as soldiers. It was considered a great victory. And it was a great victory. It ended in less than six days. Fifty years later the blessing is a curse because it has created a political, a social and an economic situation in which we rule other people who do not want to be ruled by us, and rightly so. And there are many Israelis who do not want to rule them. I do not want to talk about our government, to save my appetite. It is an example of unplanned unintended consequences.

Luca Meldolesi

Infinitely Naïve? An Introductory Note to “National Power”

I will talk about Albert Hirschman’s first book, *National Power and the Structure of Foreign Trade* (1945)²¹⁶. Why did I pick this book up? The fundamental reason, I believe, is that in my view we are entering a new era. It will not be like the one in which this book was written – I have to add (because some people in the US think now that we are going back to the Thirties). I do not believe it. But I believe that the world we are entering nowadays will be more unstable, with more players, more rivalries; and with the US functioning less in it. So – I said to myself – it may be interesting to see what these two guys from the thirties, Eugenio Colomi and Albert Hirschman, were doing during the Second World War, and why they did what they did.

First of all, Albert arrived in the US late in 1940 after many vicissitudes and decided to write this book on national power and trade, which was written in 1941-42. It was not published immediately, partly because, as you know, Albert joined the army and came back to Europe (via Alger). Probably he wanted to show the book to Eugenio. But Eugenio died. Hence, at the end of the war, the book was published as it was, without the revision of Eugenio. And this, I will

²¹⁶ Albert O. Hirschman, *National Power and the Structure of Foreign Trade*, University of California Press, Berkeley, 1945.

explain later, is more important than one may think. *National Power and the Structure of Foreign Trade* is an extraordinary book. Usually, we never talk of the logic of the hierarchical system. As compared to the harmless and mutually beneficial commercial relationships suggested by traditional economic theory, Albert wrote on what he had just seen; i.e., that Germany had been able to harass, put down, exploit directly and indirectly, influence in various ways through trade numerous small and weak countries in Europe. The idea came from the observation of trade statistics between Germany and eastern and south-eastern European countries. Behind it is his professional interest in statistics, which he developed in Trieste when he collaborated with Prof. Paolo Luzzatto Fegiz. Actually, in preparation for this Conference I forwarded to you two of his statistical elaborations – one from 1939, and another one from 1946 – that deal with bilateralism vs. multilateralism in trade: a problem that was very much with him at the time; and that, as you know, is nowadays very much discussed in the US.

National Power and the Structure of Foreign Trade has an important central part in which Albert was reshaping some of economics, from a different angle. That is, he was transforming the pure theory of international trade (the economists know what I am talking about) and especially the theory of the gains from trade by Alfred Marshall, into an interesting alternative. Actually, however, *National Power* (as his title clearly promises) is a political book, essentially because Hirschman wanted to mount a frontal attack on the trade sovereignty of the big and strong countries. Now, a few days ago, in his speech at the 2017 United Nation General Assembly, the President of the United States said the opposite twenty-one times; that is, that in his view, the recognition of unrestrained sovereignty is the key to the

world order he desires. This is not a simple coincidence, it seems to me: there is something important and profound in this story. It is true, however, that after thirty-five years, in 1980, republishing the book with a new introduction, Albert accused himself of having been “infinitely naïve” on this. From a certain point of view, this late criticism is correct; because a frontal attack was not part of Colorni’s teaching. If you go through various articles of *Critical Thinking in Action* (part one) by Eugenio (the book that you have in your hands²¹⁷), you realize that Colorni did not want to attack fascism openly and frontally, because (of course) that would have immediately jailed him. Instead, he was looking for numerous, clever ways of challenging fascism sideways, indirectly. That is: “possibilism” was coming up already in his writings. But, as I said, Eugenio did not see the manuscript of *National Power* and, at the time, Albert was not a “possiblist” economist yet. Only later, through his Marshall Plan experience (and the study of Colorni’s work) did he change his mind. So it happened that in republishing his first book in 1980 he suggested, as a political alternative to the frontal attack on sovereignty, that one has to find gradually a way out *from within* the trade relationship of subordination that exists between big wealthy countries and small poor ones. Because some room for the improvement of the latter can indeed be found in that very relationship; and because the extended observation of the evolution of trade relations between United States and Latin American countries suggested to him that that was effectively possible.

This happened more than thirty-five years ago. And if we are looking at *National Power* once again today, it means

²¹⁷ Because it was distributed at the Conference.

that this book has extraordinary longevity. Firstly, because it addresses problems that are unfortunately very much with us – in the sense that, all the great changes that have occurred notwithstanding, the structure of world trade continues to be ordered hierarchically, with a few dominant countries and many more dominated ones. And, secondly, because working around *National Power*, we are able to “capture” interesting ideas, useful for the world of today. Here I am answering Elena Saraceno’s question: yes, there are lessons of method to be learned from Eugenio and Albert. But there are also (to say the least) some basic ideas to be considered. I will take three of them here. To start with, one should make a clear distinction between patriotism and aggressive nationalism. You may look up, in *Critical Thinking in Action*, how Colorni taught in a secondary school during fascism: his distinction between patriotism and aggressive nationalism was indeed very clear. Albert, on the other hand, was so shocked by what happened to him that he became a de facto “apatride”, “apolide”. He became an American citizen and did not speak German for forty years, not even with his sisters. It is true, anyway, that most of us are connected to a country. We currently say my country, your country. So, I think, it is very important to single out that distinction. Because it is not patriotism, but the aggressive nationalism of big and small countries, with their never-ending rivalries, that is a key problem of the world we live in: a key problem that (due to the increasing instability I was talking about) may become more and more serious in the future. Eugenio and Albert in the thirties were in the middle of an atrocious world tragedy of enormous proportions. They understood that received culture and ideas would be shaken up. They struggled in it all the time: in philosophy, politics, psychology, economics, statistics, literature etc.; even in physics, in math, in biology. They

were openly getting into everything, in the realm of thinking, because they were looking for a way out. And they felt that two world wars in a short period of time meant that a third might be already in the pipeline, unless, unless... something against that was effectively done.

Second point: yes, we feel responsible vis-à-vis our people and our country. But there is also a higher, more important responsibility: the one toward human beings in general, humanity as a whole. It is something that pushed some of you to look for a job in an international organization: isn't it? We have to get on top of the story. It is not only that we want to avoid the repetition of the tragedies of war and that we want the improvement of the world we live in, for my people (country) or for your people (country): it is a general obligation that we have. This is why the young Hirschman wanted to curb national trade sovereignty. This is why Eugenio and Albert were advocating world federalism, as an overall perspective. And this is why the Hirschman we met and admired was so determined on some crucial points. This is a query that came up yesterday. Yes, if you feel a general responsibility, understand how the system works (but do not know what is going to happen), and want to do something useful, you become determined. Hirschman talked about "a better world" as an abbreviation. But he knew what he meant. At face-value his work may look simple, but is not. The real meaning of his story is much more profound than it may seem.

Third point: possibilism. As I said, possibilism was gradually coming to Eugenio and Albert: in acting and thinking. In two typical forms: as a way out and as a proposal. (Think, for instance, of the reorganization of the Socialist Party pro-

posed by Colorni in 1937, and/or of the European Monetary Authority proposed by Hirschman in 1949). It is true, therefore, that the possibilist policy against international trade asymmetries advanced by Albert in the new 1980 introduction to *National Power and the Structure of Foreign Trade*, ingenious as it is, is not the only one in sight. There is (at least) another useful *démarche* opened up by Eugenio and later practiced by Albert that has to be remembered. The public opinion and institutions of the dominant power may be influenced by individual or collective actions, from below or from above, from outside or from inside, such that the working policy of that power would become more favorable (or less harmful) to the dominated peoples (countries). Eugenio did precisely that within the Resistance in Rome: collectively, from outside, and from below. Later Albert creatively rediscovered it within the Marshall Plan: individually, from inside, and from above. In my view, keeping in mind what is happening in the world of today, this possibilist horizon should be further explored.

Finally, in a previous session, Salo Coslovsky asked where we are going and why. In the writing of Colorni and of the young Hirschman this point is clear. They wanted to know anything useful that they could know: entering very perceptively and with great ability into the specific peculiarities of the situation they were living in. Because they had this policy of a way out and proposals. As you see, it is not a only a matter of noticing “la petite idée” and elaborating it. The latter comes from a certain Colornian way of looking and knowing things that we should enter into. An important consequence of it is that any analysis (as the extraordinary ones Judith Tendler developed, or the ones we deployed in the Italian South) is connected to an outcome you want to

produce – directly and/or indirectly. If I was doing something analytical per se, without explaining the reason for it, Albert would come around and say: “what are you doing...”. Because analysis and policy should go hand in hand in our work. Hence, it is not so strange that we want to continue this novel. The question is not so much “where are we going?” – in general terms. Rather, in my view, we should ask ourselves: “should we stop doing what we have been enjoying for so long?”. Actually, we cannot stop. Because, the more we go on and the more we learn, the more it is clear to us that abandoning this ship at this point would be unreasonable and disastrous. It would be a loss, for everybody.

Marinella Ariano

How firms cope with crime and violence

I remember, I was finishing my graduate course, when I took a class with Luca. I am not sure I understood completely what it was all about. But I realized that there was some truth in there that had pushed me out of the box. So I became very excited. I left the University and called my Mum. “Mum. Mum,” I said, “I like this great professor...”. “Oh no!” – answered my Mum. “You should finish your exams and not bother with what this professor says”. I don’t think Hirschman would have changed my life if I had just read his books. I do not want to offend anybody, but I think that Luca, being close to Hirschman, really understood his teaching and method. And he was able to transmit them because it was something that he represented, as a person, with his own life. These two days of the Conference have been beautiful for me because again they have pushed me to think outside the box. The key I think is what Luca said yesterday, that to reduce Albert Hirschman to something like quantitative vs. qualitative to elicit him is not fair. Because we may focus on some aspects and not on others. But great minds overcome barriers.

I am here to present a small research project we did at the World Bank analyzing key studies. I am in an area of the WB that pushes for competitiveness in developing countries. We also categorize by topics and classify the countries, because it makes our work easier; we can act more effectively to promote change. We have seen lately that countries

have become more and more affected by violence. It is a major concern also for the private sector. In this respect, having heard Osvaldo's presentation, I have to say that we just observe the cases of these countries and deal with the obstacles they face. We do not pass any judgments, but offer solutions. Maybe it is not the best way. But this is what countries do and we try to draw lessons from it.

The approach comes from Colorni, Hirschman, Luca and Nicoletta. This work comes from some studies that show that the costs to the private sector of crime and violence are between 3,5 and 9 per cent of GDP. We are not talking about secret wars, just regular crime. We are not talking about household violence either. We are talking about Small-Medium Enterprises (SME). Obviously, it is in the interest of some governments to get rid of this crime and violence against SME, in the interests of higher productivity, more jobs and possibly better conditions. We looked at several countries, and decided which cases were most representative of what we were looking for. Eventually, we chose Mexico, Colombia, Brazil, Jamaica, Rwanda and Nepal. Because they are affected by different types of crime and are dealing with these obstacles in different ways. Initially, we also had the case of Gaza, but we decided not to present it because we had no business and household surveys.

The presence of crime and violence means losing market clients, paying for security (one of the fastest growing costs in several countries), lower productivity (some activities may be suspended, plants closed, workers relieved etc.). Sometimes the option is to close down and exit the market, sometimes it is to strike a deal with existing grievances, sometimes to use a more flexible solution. What strikes me

is that sometimes entrepreneurs go along and become perpetrators of violence themselves, part of the business that is squeezing them out of the market. So these are the various survival strategies. We do not judge them – whether they are right or wrong. We simply find them. Similarly, governments have different priorities. Sometimes they suppress these barriers to development, sometimes they ignore them, sometimes they become partners.

To give you an idea, I'll present two cases. First: Jamaica is famous around the world for its tourist industry. But because of violence, fewer tourists started coming to the country. We looked at the data and, in business surveys, we discovered that, for 50 percent of SME managers, violence was considered the main obstacle to improving their business; that Jamaica was ranked as one of the worst countries in the per capita cost of crime and violence; and that 60 per cent of its businesses were affected. In development, we consider tourism a very good panacea. Because to make it work you have to have accommodations, drivers, guides, restaurants, artisans etc. Jamaica reacted to the reduction of its tourism by developing all-inclusive-packages. But that meant that people spent all their time at their resort, dramatically reducing their connection with the country as well as the spill-over and development effects the country was looking for. So the overall share of the Jamaican benefit from tourism decreased. Security costs increased. But, at a certain point, some SME, acting out of social responsibility, decided to invest in the area around their resorts, giving training and job opportunities to young people. They created an organization so that young people could vocalize their discomfort.

A second example: Rio de Janeiro, as you know, is encircled by shanty towns called *favelas* that traditionally have a high rate of crime and violence. There, a very different solution was created: special police for pacification to reinforce the law. There is a lot of discussion surrounding this in the literature. But the simple truth is that if, by the best means available on the spot, crime and violence decrease and a private-public partnership at various levels of government is created, a virtuous circle is set in motion encouraged by social responsibility; SMEs hire women; products are created and sold, and the various linkages we've been discussing start working. This often occurs through government collaboration, training, jobs etc. Actually, however, realities create solutions that ex-ante were totally unexpected. This is what struck me about the presentation of Baruch Knei-Paz: solutions are never granted. Unintended consequences are usually there. Sometimes a new leader comes in. Leadership and partnership are often needed to get results. This is something to think about.

In conclusion, creative solutions come around. Unfortunately, a lack of data limits the observations. Usually successful strategies come from private-public collaboration and bring trust and good results with them. There are several ways to read this outcome, however. One is: Okay, let's promote private-public collaborations around the world. But this is not the advice I got from Albert and Luca. We are dealing with social people that cannot be classified as rational actors in an economic model. The important thing is to come in, to overcome barriers to development, and to try and go deeper in the observation of that specific reality: in order to be really useful to people and governments. This, to my mind, is to be Hirschmanian in this field.

Q&A: Marianne Egger de Campo, Marinella Ariano

Marianne Egger de Campo

You think that crime is a risk to prosperity, but sociologists think differently because crime creates jobs. Think of tourism in Amsterdam: the selling of drugs is a big factor in it. To think outside the box one should also question what is considered acceptable. Don't you think?

Marinella Ariano

There are sociological studies of the World Bank that show that violence is corrupting Central America. And that many young people are either dead, or imprisoned for life, or their life has somehow been destroyed. So it is a matter of dignity. People like me or Alberto Criscuolo have the idea that we have to provide dignity to people. The WB looks for jobs that do not destroy your life, but give you the dignity to have a decent life. Even ISIS creates jobs; but they are not the ones you are looking to for social inspiration, are they? Maybe, when I go back to Washington, I will propose to my colleagues to consider prostitution similarly to Amsterdam: as a source of jobs. Perhaps the WB will open a new line of business on this...

William Lazonick

The role of innovative enterprise in Hirschman's "Rival Views of Market Society"

For this occasion, I looked to Hirschman's work once again. And I decided to focus on "Rival Views of Market Societies", which came out of *The Passions and the Interests*. I focused on the social impact of what he calls market society: good or bad, improving or destructive, promoting economic development or holding it back, better off or worse off. I will interpret him broadly.

What we have in the US today is an extreme concentration of income at the top, and an erosion of the middle-class, and of opportunities. We see now the political consequences of all that. Not only Republican or Conservatives, but also Democrats or Liberals are ignoring that little problem of most societies: how people can make a living – despite the fact that in the last four decades the US GDP per capita has doubled. And this shows up in the Gini coefficient. After the Second World War, there was a tendency toward more equal distribution of income, not very marked but at least there was; while now is the reverse: it is highly unequal and getting worse.

I want to know what has happened in the major corporations (for a century they have dominated American society). There are data that show their employment in the US. Basically: two thousand corporations, on average twenty thousand employees each, three quarters of business sector employees,

thirty-four percent of the payroll and forty-four of revenue. We have to understand what was going on in those companies – it is the position I adopted very early in my career. That is, in terms of the outcome, to get into the Gini coefficient a bit.

In a graph I used in my *Harvard Business Review* article “Profits without Prosperity” (and in a radical economic journal), considered the best article of 2014, we see the rate of increase of real wages tracking the rate of increase in productivity in the post Second World War decades; and then their divergence along the way and the gap that grows bigger and bigger.

I will break this down. As I said before, the first is a period of retain and reinvest. Careers inside the companies became the norm, and companies all competed that way – on job security, wages, pensions, health coverage etc. And then there was a change. I am not going to enter into all the reasons for that change. I have written a lot about that. One of the consequences was the concentration of income at the top: see Piketty’s book. And a big part of the increase at the top is called salaries (by tax authorities), but it is actually the stocks they have got. That is why you have a peak when the stock market is booming. I have written a paper saying that the disappearance of the middle-class and the concentration of income at the top are part and parcel of the same thing.

Data show that corporations are funding the stock market and not vice-versa. Particularly net equity issues of non-financial corporations become hugely, persistently negative in time – a bit less so during the depression. The reason is the manipulation of the market through buybacks of shares. Most people do not know what a buyback is. It is a financial

operation by the corporations that benefits those who own those shares; and most of these people are corporate managers, big bankers, hedge-funds managers, so called investors who are in fact speculators, and the like. It is not the only way, but it is the most important way of raking off the money; on top, of course, of dividends. The allocation of corporate profits to stock buybacks in the open market deserves much of the blame. It was allowed as a direct effect of the election of Ronald Reagan. When millions of people go to work day to day to produce products and sell those products, and these other people come in and take the money out, the latter are de facto destroying the whole thing. This is at the root of the economic problem that we have in the United States. This is the mechanism that is actually destroying the American economy. For long time, Chandler, Penrose, Berle and Means had been standard reference authors on the subject. But since 1970 conservative economists have invaded the intellectual economic market with pure ideology, nonsense, garbage. And unfortunately liberal economists, including Krugman and Stiglitz, have no clue either...

Q&A: Elena Saraceno, William Lazonick

Elena Saraceno

The impact of downward social mobility vis-à-vis progress and development cannot be simply reversed upward? I wonder what you think of small and medium enterprises (SME). Do they play a role in it?

William Lazonick

Upward and downward mobility: I am doing some work on that. There is individual, family, inter-generational mobility. If I look to household families, as they are called, from the point of view of the economy, they have to invest in productive capabilities: in things that make them more productive. All over the world they are helped in doing that by local, state and national governments - for schooling, health, infrastructure, knowledge based technologies etc. And obviously there are numerous business activities connected to that problem. The point is what the customers want, and how to provide it at a reasonable price. Indeed, there is a role for a decentralized system to provide productive capabilities. And there are policies, generally at the national level, that want to create upward mobility for everybody. Now as I said, in the post-Second-World-War era conditions were favorable for upward mobility, but only white males utilized them effectively. And the more I think about that, the more I reach the conclusion that the neglect and then the reversal of this problem is due to the fact that more and more non-white-male people expected upward mobility. In that context, the argument I am making is that an ideology came in, that of the free market, that was not consistent with the way the economy was developing upward mobility, but that became a tool that people could use just to go and loot the public and business organizations that provided those capabilities. Actually, that occurred and went on and on. Therefore, it is not surprising that good employment opportunities decreased and that people lost out...

Debate

Liah Greenfeld

I will comment Marinella's claim, which I think is very correct, that to be Hirschmanian is basically to think outside the box. This summarizes it better than anything else. Albert Hirschman tried very much to follow this rule: be self-subversive. But this is not that easy, even for persons that recognize that it is very important. And so he was not able to think outside the box always.

As the papers that have been presented here show, in the most important areas he worked in, and which are most important for us to understand here, he had two boxes and he constantly thought within them. One of these boxes was Marxism. He was formed as a Marxist and he never escaped, even if he thought that he did. He always thought that economics was fundamental and that you do not need to explain it. If it is fundamental, that means that there is nothing behind it. Doesn't it? And he always thought that history naturally proceeds by stages and you cannot skip stages. Of course, stages are also in Marx. Marx was a very intelligent person. But he was fallible, as any of us are.

The other important box Hirschman could not escape is even more important. He could not escape national consciousness. He thought in the frame of nationalism – presuming that nations have always existed; that national consciousness is as reality is; which is basically to imagine that

the world is naturally divided into sovereign communities of fundamentally equal members.

Now those boxes were not very new ones. And, if Hirschman had added them to his trans-disciplinarity history, he would have understood that one can very well think outside these boxes. Because neither has nationalism existed forever, nor existed everywhere, nor is economics the fundamental social reality. In fact the first two papers of this session dealt with nationalism and economics together. And then we proceeded to capitalism more specifically. None of you – and this is not a criticism – bothered to define these important realities that we have been talking about. If I ask you right now: do you know what capitalism is? I am sure that not one of you will actually give me a sensible answer.

To Prof. Lazonick I say that capitalism is not really accumulation of capital. What characterizes capitalism is not raising capital. This characterized the Dutch Republic in the 17th century and its amazing fiscal reform. They wanted to raise capital, but they did not have a capitalist economy. A capitalist economy has to be something meaningful. Right? If it always existed and any economy was capitalist then there is no point in talking about it. So the capitalist economy is a very specific economy. The economy that both Marx and Weber talked about precisely in the same way, though morally in very different ways. And what was that? The specific modern economy, which was different from all the economies of the past. Capitalism is an economy oriented toward growth. This was of course defined by Weber who was, I would say, Hirschmanian before Hirschman. This was – Weber noted – the most irrational idea one can imagine, where you live to work, not work to live. And what brought this capitalism about – a remarkable thing,

because, you see, it was irrational. So there should be a higher “rationale”, higher than life itself, which was demoted. What was it? It was nationalism. And that is why the superior nations on top, the larger powers, will always use their power to somehow exploit the lesser nations.

Marianne Egger de Campo

A question for Luca. Actually, coming here I hoped that you would expand your analysis to today. How Colorni and “Il Manifesto di Ventotene” impact on Europe, the European Union, the European Constitution or the European reorganization after Brexit?

Luca Meldolesi

My first point is for William. Actually, I have been thinking along analogous lines on the other side of the Atlantic, together with some business expert friends. The latter have been telling me that there has been a long process of decline in the very functioning of American corporations and in American business culture that has indirectly but seriously undermined their very profession. Actually the domination of speculative activities (i.e. of finance over production through liberalizations, buybacks, the workings of the stock exchange etc.) has already induced a terrible world crisis (the worst since 1929) and continues to threaten the stability of the world economy.

The second point is for Liah. I am afraid your reading of Albert Hirschman’s work is off the track. Albert was not a

Marxist. He was one of the very few unpretentious, anti-imperialist economists who obviously believed in what they were doing, but did not think that economics is “fundamental” in the sense of Saint-Simon and Marx. (For instance: as a partner at Princeton, as you know, he had the great cultural anthropologist Clifford Geertz). Albert did not believe in stages of development either (as his antagonist W. W. Rostow did). And, of course, coming from the war, he was against nationalism and imperialism. Perhaps, as you look at Colorni’s life and work (which we have started translating into English), you will feel encouraged to change your perception of Albert. I will tell his story in a nutshell. He came out of secondary school in Berlin having done some reading on Hegel, Marx, Lenin etc., believing in the need to build for himself a proper *Weltanschauung*. Then he met Eugenio and, particularly in Trieste, in 1937-38 was shocked (but also very much attracted) by his “critical thinking in action”²¹⁸. He gradually absorbed Eugenio’s approach: step by step. During the time of the Marshall Plan he came near to Colorni’s early possibilism; and finally theorized, as you know, his own possibilism in the “Introduction” to *A Bias for Hope* (1971). Therefore, having by then developed his philosophical and political Colornian point of view (and, after that, his day-to-day partnership with Clifford Geertz at Princeton) Albert Hirschman proposed his micro-Marxism thesis, probably stemming from his desire to open a discussion with the rebellious generation of the Sixties and Seventies. Actually it is, however, the opposite of what you have in mind, dear Liah: it is “un-Marxist” - as I explained long time ago²¹⁹.

²¹⁸ Hirschman, A.O., “Doubts and Antifascist Action in Italy, 1936-38”, in *A propensity to self-subversion*, 1995, p. 117-19.

²¹⁹ Meldolesi, L., *Discovering the Possible. The surprising world of Albert Hirschman*, Notre Dame University Press, 1995, p. 86-7.

The third point, for Marianne. Indeed I do not understand how and why Liah can say that Hirschman was thinking inside the nationalist box. Listen, Eugenio and Albert wanted to destroy nationalism. They wanted to create federalism as a European and then worldwide alternative to nationalism. Actually, Colorni died for this reason. Because when the Allied armies were approaching Rome, he wanted to induce an anti-fascist and anti-Nazi insurrection in the Italian capital. Because he believed that that would greatly strengthen the cause of European unification. Here I come to your point. A few days ago, Nicoletta and I attended a lecture in Cambridge on the EU by Romano Prodi – ex Prime Minister of Italy and ex President of the European Commission. Basically, the discussion on the future of Europe continues to be monopolized by two points: we need a united Europe to have peace, first; and, second, to have an important role in the world. I think this is not enough. Either we are able to bring back that idea of federalism as an overall alternative to nationalism in Europe and in the world, or we will fall back on big and small nationalisms on our continent and beyond (as, unfortunately, is happening at the moment). And we will become unable to produce a strong motivation to unite Europe and the world. The point is that in my view, federalism can indeed induce further progress for the human tribe. In our tradition this is called “incivilimento”: not civilized, but civilizing, becoming more and more civilized. One should not accept what the human convent is currently delivering to us around the globe. Hand in hand with the people of the world, Europe should set better targets, for Europeans and for everybody else – in terms of freedom, democracy, prosperity, social justice, sustainability, the circular economy, etc.; and should promote (and

stick to) them with great strength and determination, mobilizing all the favorable social and political forces and monitoring, recording, evaluating, proposing and re-proposing results at all levels. You have to give the European people a true reason to struggle. Otherwise progress will slow down and even fall back. And the discussion on the future of Europe will become boring and pleonastic and even be shelved.

Conclusions

Nicoletta Stame

Concluding remarks

This Conference has given us much more than we expected. At the beginning we were thinking about bringing together people who had been influenced by Albert in many different ways. Actually we started with Hirschman's books: the sessions we set up were mainly framed around the titles of these books; this was a way of covering Albert's vast output, and the many streams that might flow from it. But then we realized that there was much more than that, people had a lot else to bring to the table: experiences, ways of doing things, ways of thinking. From this point of view the Conference has supported and enlarged our original idea, and maybe, from this moment on, we can think about how to go ahead according to this new perspective.

I want to say a few words about the theme of inter-disciplinarity, which has resounded here. I prefer to think in terms of trespassing, rather than inter-disciplinarity. The latter means bringing different disciplines together, in a new container. But Albert was a trespasser among different things, among disciplines, between theory and practice, between thinking and being an active agent (from the point of view of what he did). Trespassing means moving freely, back and forth in a creative way, between realms that exist, and not claiming to establish a new space. What we have done in these days is analyze the various dimensions of his continuous trespassing. First of all we started from the books. Each

of Hirschman's books is a way of moving between disciplines, even in the titles. *Exit, Voice, and Loyalty* is a title that has in itself the different disciplines (politics and economics, and a bit of sociology) and how they can be combined. *The Passions and the Interests* moves between morality, philosophy and economics. *Shifting Involvements* (so nicely analyzed by Charles Maier) moves between the private and public, which belong to different ways of thinking, on top of different disciplines. The more we have gone on, the more we have found places where this is played out. This moving around the different disciplines can give us an input for thinking differently, as we have done in these two days.

Secondly, Albert moved between theory and practice. I am very pleased with all the contributions that have come from the people who have been in the field. Perhaps there has been an overstatement of the case. I don't think that Albert was exactly that type of practitioner in the field all the time. But he certainly was that type of researcher in some of his experiences, in *Development Projects Observed*, in *Getting Ahead Collectively*; and he liked very much what Judith Tendler was doing because he thought that she was expanding his ways of thinking. As for the debate that we had before on qualitative and quantitative work: he was combining these two types of work, and his way of doing qualitative research was completely different from what sociologists in general define as qualitative work, because it was so much shaped by his own motivations.

And then there was this link, this moving continuously between theory and what I would call desire for improvement, this push for democracy. *The Rhetoric of Reaction* was mo-

tivated by the fact that he wanted to stress and support democracy at a time when he saw the progressive, Rooseveltian policy in danger. And even *Getting Ahead Collectively* has the same origin. Luca mentioned before his idea that “you should not dominate”: this is reflected at the beginning of the European experience, within the Marshall Plan, when he was trying to say that the US should not dominate in their relationship to Europe. This was something that he took from his closeness to Colorni.

So, I think that he had many ways of moving between different areas, not only the different disciplines and dimensions of thinking, but also different dimensions of life: thinking and acting, being a theorist and being a citizen (his push for democracy was something inherent in what he was doing).

One of the nicest things that has happened at this Conference is that so many people have said: “I was Hirschmanian without knowing it”. This comes from Hirschman’s way of trespassing in all these different dimensions. Being Hirschmanian: what does it mean? It means that in your own activity, in your thinking, in your practice, you have come across something that reflects the way he approached problems, from the point of view of how to conceptualize, what to do, how to face difficulties in life. The field that he started plowing is so big that his thought and his life, his way of doing things, are still giving us a lot of inspiration, and we can continue with it in so many areas.

Being Hirschmanian without knowing it means two things: one, an empowering of thinking, opening one’s mind; two, you can expand the way you do things in your life. Not only

with regard to academia, but also to professions. Many people here are entrepreneurs, development experts: these are professions in which there is a lot of thinking, a lot of application of science, of knowledge. We had a discussion about a knowledge organization, but being a knowledge organization from a Hirschmanian point of view is completely different from certain ideas that knowledge is something stored there, that you can pick up and apply.

Having been together in this room for two days, and having expressed our views, we have realized that there are many many ways of being Hirschmanian. I like this variety and I think that it has been promoted by his own way of trespassing. We have found so many points of inspiration that we can carry forward. From this point of view I am very optimistic; we cannot leave things as they are now, we should find ways of going ahead.