Albert Hirschman (1915-2012)
An Intellectual for All Seasons

Atul Kohli

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Albert Otto Hirschman was a towering intellectual of the 20th century. His voluminous writings on economics, politics and intellectual history were read and admired widely. While trained as an economist in pre-second world war Europe, his scholarly inclinations were much broader, as was his audience and readership.

He often married economic and political reasoning in his scholarship and made a lasting impact in such specific areas of study as development and international political economy. His scholarly concerns were also broader, however, focused as they were on understanding human behaviour, especially behaviour of those facing difficult economic and political constraints within organisations. Hirschman's recent death marks the passing of a great political economy scholar; his scholarship deserves to live on.

Born to a Jewish medical family in pre-Hitler Berlin, Hirschman left Germany as the Nazis advanced. He fought on the anti-fascist side in the Spanish civil war and subsequently joined the French army. Fluent in five languages – German, Spanish, French, Italian and English – Hirschman during these anti-Nazi years also pursued his formal studies at the École des Hautes Études Commerciales in France, the London School of Economics, and eventually acquired a doctorate in economics at the University of Trieste. He moved to the United States (US) in the early 1940s. Instead of starting out as an academic, he first worked for the US government in various capacities, including on the Marshall Plan, and then facing suspicions for his social democratic views by growing McCarthyism, left for Bogotá, Colombia, where he served as an economic adviser for several years. It was during this period he refashioned himself as an academic development specialist with a keen interest and knowledge of Latin America. After returning to the US, he held prestigious appointments at Yale, Columbia and Harvard, and then eventually joined the Institute of Advanced Study at Princeton in 1974, where he stayed till the end of his career.

Wide-ranging Interests

With this diverse background it would have been a surprise if Hirschman had settled into pursuing the narrow, model-building type of economics. Hirschman did not; he ranged widely instead, publishing some 18 books and hundreds of essays. In an important essay in 1984 – aptly titled, “Against Parsimony” – Hirschman clarified his underlying world view. He criticised the core economic assumption of a utility maximising “economic man” on the grounds that such a standpoint was too narrow, for three reasons: it ignored the importance of changing values; human beings often pursue non-instrumental goals; and public spirit also motivates human actions. This more complex understanding of what we are all about led Hirschman to “trespass” disciplinary boundaries, and to boldly and creatively pursue a problem-driven social science. For example, at the micro-level, it led Hirschman to worry about “exit, voice and loyalty” as choices individuals make when faced with unsatisfactory economic or political circumstances. How states, markets and culture influence economic outcomes, especially in developing countries of Latin America, was the macro-counterpart of this complex view of human behaviour.

The interdisciplinary orientation of Hirschman was evident even in his earliest works. Written during the war years (1941-42), National Power and the Structure of Foreign Trade (Hirschman 1945) analysed how states can take advantage of economic vulnerability created by trade dependence. Focused – not surprisingly, given Hirschman's background – on how Nazi Germany used its economic power as political leverage in middle-Europe, the book was intended to help think about how to construct a new trading order following the second world war, an order that might minimise such misuse of economic asymmetries as political tools. The book was deeply prescient.
insofar as it foreshadowed the emergence of an entire subfield of study, namely, international political economy; it is no surprise the book was republished in 1980 in a series edited by Stephen Krasner, a leading scholar of international political economy. The book was also an early statement of “dependency” theory, but with a difference: like much of Hirschman’s work that would follow, he recognised global and class constraints on development as well as any other radical scholar, but he never stopped at only underlining those constraints. His intellectual world was an optimistic world, full of possibilities. He anticipated that a variety of economic dependencies, including trade dependencies caused by reliance on a narrow commodity export base, could be overcome. “How and why”, one might rightly wonder. Hirschman argued that those at the receiving end would put greater effort into changing these economic asymmetries than leaders at the “imperial metropole” to maintain them mainly because the adverse impact of such situations on the global “periphery” was much greater than the benefits that accrued to those at the “core”. Some six decades later, it is clear that many countries in Asia have joined the global economic order as producer of manufactured goods but many Latin American countries remain stuck as commodity producers. In light of such mixed evidence, it would be difficult to say whether Hirschman’s optimism was justified or not. What cannot be denied, however, is the continuing relevance of the issues Hirschman raised rather early.

**Study of Development**

Many will remember Hirschman mainly as a scholar of economic development, especially of development of Latin America. This view of Hirschman would not be wrong, though limiting; he was to Latin America what Gunnar Myrdal was probably to India, a sympathetic foreign observer, with European social democratic values and keen insights into the dynamics of development of the region (Hirschman 1963 and 1971). Hirschman was of course a seminal figure in the emergence of the subfield of development economics. While he shared much with such important early scholars of development as Paul Rosenstein-Rodan and Ragnar Nurkse, he also argued against their “big push” theory (Hirschman 1958). Based on his Latin American experience, he argued instead for selective focus on industries that would maximise “forward” and “backward linkages”. Always the pragmatic scholar, and armed with a political economy perspective, Hirschman argued that balanced growth via a big push was likely to be beyond the capacities of most developing country states. It would be better instead for leaders to promote those industries that will create demand for new inputs – and hence new economic activity – on the one side (backward linkages) but also on the other side (forward linkages) might encourage new industries who find cheap outputs of these state-supported industries as positive incentives for investment. Hirschman both theorised about “linkages” and

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**Decentralisation and Local Governments**

*Edited by T R RAGHUNANDAN*

The idea of devolving power to local governments was part of the larger political debate during the Indian national movement. With strong advocates for it, like Gandhi, it resulted in constitutional changes and policy decisions in the decades following Independence, to make governance more accountable to and accessible for the common man.

The introduction discusses the milestones in the evolution of local governments post-Independence, while providing an overview of the panchayat system, its evolution and its powers under the British, and the stand of various leaders of the Indian national movement on decentralisation.

This volume discusses the constitutional amendments that gave autonomy to institutions of local governance, both rural and urban, along with the various facets of establishing and strengthening these local self-governments.

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derived policy lessons that came to be widely embraced.

Among his other numerous contributions to the study of development, one of my favourites was his formulation of the idea of the “tunnel effect”, aimed at clarifying the role economic inequalities might play during the process of economic development. He compared growing income inequality in a developing country to a situation of being stuck in a traffic jam in a two-lane tunnel in which both lanes were moving in the same direction. He reasoned that though economic growth is likely to increase income inequality instead of breeding resentment right away, it is likely that the impact would be similar to being stuck in one lane but to begin noticing that the other lane has begun to move. This would raise hope in the beginning because those stuck would reason that my turn to get ahead will come soon and thus create some optimism. However, this optimism is time limited; if the stuck lane fails to move, it is likely that those stuck would start undertaking illegal acts, such as crossing the double line to cross into the moving lane. Only a dim political leader would fail to see the policy implications. It is clear that in Latin America the lessons from such insights have been well learned; with democratically elected left-of-centre governments in power in much of the region, economic inequalities have started to come down over the last decade.

**Behavioural Options**

Finally, no tribute to commemorate the death of Hirschman would be complete without noting the insights of his death of Hirschman would be complete. For details of Hirschman's life and ideas, see Adelman (forthcoming, March 2013). A personal note is in order here. I knew Albert Hirschman for nearly 30 years. When I first joined Princeton University in 1983, both Arthur Lewis and Albert Hirschman were part of Princeton's scholarly community; how one thought of and discussed issues of development at Princeton at that time was necessarily influenced by the presence of these intellectual giants. While I was never close to Albert Hirschman, he was kind to me when I was a junior faculty and then, over the years, I got to know him better, sharing quite a few development seminars and occasional lunches and dinners. Over the last decade or so his health faded and he withdrew from active academic life. My memory of him will always be of a gentle person with a formidable mind, who took ideas lot more seriously than he took himself. See his, “The Changing Tolerance for Income Inequality in the Course of Economic Development” in Hirschman (1981), Chapter 3.

### REFERENCES


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#### Notes

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