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A PROPENSITY TO

SELF-SUBVERSION

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*A Propensity to*  

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*Self - Subversion*

Albert O. Hirschman

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## Introduction

The twenty essays here assembled were all written since 1986, when I published a previous collection.<sup>1</sup> A good part of that earlier volume had been given over to retrospective papers and restatements. I realized that another, quite different book was in the making when my more recent writings came to concentrate rather on questioning, modifying, qualifying, and in general complicating some of my earlier propositions about social change and development. When this tendency became particularly pronounced, I found a term for it: I was, and enjoyed, being “self-subversive” (Chapter 2). Then, once I had named it, I went on to survey and examine it systematically in an essay whose title, “A Propensity to Self-Subversion” (Chapter 5), I later adopted as overall title for the present collection. A more common term might have been “self-criticism,” but it has been spoiled, at least for a while, by its constant and corrupt usage in Communist phraseology. Moreover, “self-subversion” has something in common with the titles and intents of two of my previous essay volumes, *A Bias for Hope* (1971) and *Essays in Trespassing* (1981). There the uses of “bias” and “trespassing” also constituted attempts at rehabilitating terms that normally have derogatory connotations. The implicit tension between the conventional and

1. *Rival Views of Market Society and Other Recent Essays* (New York: Viking, 1986); paperback edition with a new preface by the author (Cambridge, Mass.: Harvard University Press, 1992).

the newly intended meanings had been effective in arousing attention. Given recent world events, it may be timely to perform a similar operation on that Cold War bugaboo, "subversion."

Besides self-subversion, the other major area in which I wrote repeatedly over the past years deals—symmetrically enough—with self-affirmation. The second group of essays, "On Self," consists of a series of autobiographical fragments. The occasion for many of these pieces was the awarding of honorary degrees. In Europe, this ceremony involves a short acceptance speech by the honoree. When I was asked to give such speeches in various European universities close to places where I had once lived before coming to the United States (in 1941, at the age of twenty-five), I decided to talk about the connections between those sites and my own life experience. But the longest essay of the second part, "Four Reencounters" (Chapter 6), had a different origin: the arresting experience of meeting, within the space of one week, four persons from my diverse German and French pasts, persons whom I had not seen for some fifty years. To relate the story of my past contacts with them became a way of retelling a stretch of my own life while avoiding the boring—and essentially mendacious—linear account. The development of my thinking is similarly explored by indirect approaches: writing a new preface to an old book of mine, as in "A Hidden Ambition" (Chapter 12), and relating intellectual encounters with an old colleague, as in "Convergences with Michel Crozier" (Chapter 13).

The third and final group of essays, entitled "New Forays," serves to demonstrate that I have not gone wholly solipsistic; that besides "self-subversion" and "self" there are quite a few other topics that have captured my attention and interest. In these essays I often return to older themes of mine—industrialization (Chapter 17), Latin American development (Chapter 15), appraisal of market society (Chapter 18)—but also deal with a number of new puzzles. Unsurprisingly, some of the essays are inspired by the enormous political and economic changes brought about by the Eastern European revolutions of 1989. Examples are Chapter 16 where I argue against the common opinion that the end of the Cold War was yet another calamity for the Third World, and Chapter 17, which looks at the contrasting laments over industrializa-

tion in the former Soviet zone of influence and in Latin America. Another major essay dealing with the 1989 events centers on the fall of the German Democratic Republic (Chapter 1), but it is to be found in the first rather than the third part of the book, a choice made for a simple reason. To be sure, this essay was a new foray for me—it was the first time since I left Germany in 1933 that I returned to a subject pertaining to that country. But the latest momentous twist of German history also threw an entirely new light on my old concepts of exit and voice, so it became a prime instance of the self-subversion theme.

Similar problems of classification arose in connection with other essays. A considerable amount of autobiography is contained in my account of the Keynesian revolution and its export from the United States after World War II (Chapter 14): I could never have written it without my own first-hand experience with, and somewhat ambivalent attitude toward, the group of U.S. Keynesians during my Marshall Plan years at the Federal Reserve Board in Washington, from 1946 to 1952. I should also note a substantial overlap between “self” and “self-subversion”: in the new preface to *Development Projects Observed* (Chapter 12) I call attention to the way that book engaged in self-subversion—*avant la lettre*—by questioning a major thesis of my then recently issued *Strategy of Economic Development*. These multiple interconnections among the three parts of the book—and there are more than the ones just specifically noted—testify perhaps to an underlying unity.

Three points, drawn largely from the last group of essays, seem to me to merit further attention and exploration.

1. I have long had an interest in understanding the dynamic of *sequences* in economic and social change. My early work on linkages “up and down the input-output matrix,” and in particular from one industrial branch to another (backward and forward), attempted to appraise the comparative strength that is typically brought to bear on various intersectoral and interregional investment decisions. My special interest went to those sequences that could be shown to be compelling rather than purely facilitating. Lately, in line with my self-subversive proclivities, I realized that the intended sequences in social and economic



change will not simply go forward with greater or smaller energy: an advance in one direction may itself make for conditions that hold back or abort the next advance. Rather than searching for and being fascinated with situations where “one thing *leads* to another,” I came to collect cases where “one thing *forestalls* another.” Chapter 2 presents some of them in a section entitled “Mapping the Getting-Stuck Syndrome,” and further explorations along these lines are in Chapters 3, 15, and 17.

This turns out to be a matter of some current relevance. Ever since the collapse of Communism and the consequent need to recast and reinvent political, social, economic, and cultural structures in the former Communist countries, there has been a great deal of discussion about the sequences with which these multiple tasks, from democratization to privatization (to name just two), are best undertaken. In such investigations it should be helpful to know about the widest possible range of sequences and of failures to achieve sequences—something that has taken me decades to become aware of, although I had long proclaimed my belief in “possibilism.”

2. A related point about the multiplicity of social processes results from observations made during my last extended trip through Latin America in 1986. During the eighties certain social indicators continued showing improvement in several countries, while the economy stagnated or went into a decline (Chapter 15). This “uncoupling” or “unhinging” of social from economic processes came as a quite unexpected event to those who are used to thinking of society and of the evolution of its various aspects as an integrated whole. Later, on considering the even more complex relation between economic and political progress (Chapter 19), I found these observations helpful in envisaging how democratic institutions can acquire “a life of their own” and how the urge to sustain this life can become “second nature” to a society.

These concepts, together with those of “uncoupling” and “disjunction,” seem to me to offer a way of enriching our understanding of social change and learning.

3. The last chapter of this collection, “Social Conflicts as Pillars of Democratic Market Societies,” is perhaps its most ambitious. It was

written in response to the question “How much community spirit does liberal society require?” which had been chosen as theme for a conference organized by a German foundation. The question had an underlying, widely shared assumption: for democratic market societies to be progressive and reasonably stable it is not enough to guarantee basic democratic rights to citizens who then pursue their interests within an appropriate market structure. But agreement stops when the question is asked: what else is required? What is the nature of the trust, moral cohesion, or common purpose whose overriding need is sometimes plausibly asserted? Or, putting it differently, how can society avoid the ever present dangers stemming from what Machiavelli called *corruzione*? Contemporary analysts have rediscovered these dangers and attempted to discuss them under more neutral or technical labels, such as “slack” (Richard Cyert and James March), “X-inefficiency” (Harvey Leibenstein), the “soft state” (Gunnar Myrdal), and “rent-seeking” (Anne Krueger).

In the past I have sometimes nibbled at this fundamental problem and do so again here and there in this book. “Nibbling” is actually a good term for the activity that is indicated: it would be futile to look for a generally valid solution. Historical experience provides us with occasional hints and discoveries, but they are different for different societies and for the same society at different times. Even for a given group at one point in time, we are dealing with one of those vexing problems where the ideal solution is often uncomfortably close to disaster and perdition.

An example of my nibbling approach occurs in Chapter 14, where I suggest that the most important political effect of Keynesianism in the United States was to have raised public-spiritedness in a crucial period of its recent history—the transition to superpower status. On occasion, to be sure, ideology can thus supply an otherwise missing common purpose. But we all know that this injection of ideology can be a dubious and dangerous course. In Chapter 20 I discuss a less synthetic and seemingly more general solution. It has not been widely realized that pluralist market societies are particularly good at drawing strength from the kind of conflicts they typically generate. Along with new wealth they also keep producing new aspects of inequality—personal,

sectoral, and regional. Hence demands for reform and justice continuously arise, must be dealt with, and, once they are found subject to compromise, leave behind a positive residue: the experience of living in a society that learns to cope with its conflicts.

To view societal cohesion as a by-product of its conflicts is remarkably parsimonious, somewhat paradoxical, and generally attractive. As I also point out in the last chapter, however, this insight sheds light primarily on the past—much like Minerva's owl, spreading its wings in the gathering dusk.

# I

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*p a r t*

## On Self-Subversion



# 1

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chapter

## Exit, Voice, and the Fate of the German Democratic Republic

Es gibt wenig Menschen, die sich mit dem Nächstvergangenem zu beschäftigen wissen. Entweder das Gegenwärtige hält uns mit Gewalt an sich, oder wir verlieren uns in die Vergangenheit und suchen das völlig Verlorene . . . wieder hervorzurufen.

(The immediate past is but rarely the object of our interest. Either the present takes hold of us forcefully or we lose ourselves in the remote past and attempt . . . to recreate what has been wholly lost.)

—Goethe, *Die Wahlverwandtschaften* (The Elective Affinities)

### Introduction

The year 1989 was greeted with something of a yawn. Its first half would be marked by the elaborate, far-flung, and infinitely wordy bi-centenary commemoration of the French Revolution. Everything was laid out well in advance, and the schedule of events was strictly followed up to the appointed climax, the celebrations of the Fourteenth of July in Paris. Thereafter, with the bulk of festivities, conferences, and speeches over, people would return to their usual pursuits. But then, as though the spirit of revolution, once invoked, assumed a life of its

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Published in *World Politics*, 45 (January 1993), pp. 173–202. The German version of this essay, “Abwanderung, Widerspruch und das Schicksal der Deutschen Demokratischen Republik,” was published in *Leviathan*, 20 (September 1992), pp. 330–358, and was awarded the 1992 Thyssen Foundation prize for the best article published by social science journals in the German language. In this essay and those that follow, all translations from German and other texts are mine.

own, came the surprise, the “divine surprise” of that year: a series of totally unexpected political and popular movements broke out in rapid succession in Eastern Europe—from Poland, Hungary, East Germany, and Czechoslovakia to Bulgaria and Romania—overturning the hitherto uncontested power of the Communist parties and thereby altering fundamentally the seemingly stable bipolar world order of the preceding forty-five years.

The most radical of these changes took place in the German Democratic Republic, where the internal convulsion led in short order to the extinction of the political entity in which it occurred. The East German state was unable to survive the collapse of Communist power and was absorbed (*geschluckt*, or “swallowed,” is the expressive term often used) by its outsize twin, the Federal Republic of Germany, within a year of the opening of the Berlin Wall.

Despite a considerable outpouring of articles and books—including some autobiographical accounts by key actors—a great deal about the events of 1989 remains poorly understood. The very fact that they came as a total surprise to both spectators and actors suggests that our capacity to comprehend large-scale political and social change remains utterly underdeveloped. Under the circumstances, any conceptual tool that holds out the promise of providing a handle on the enigmatic events is likely to be eagerly seized. This is what happened in Germany to the concepts of “exit” and “voice,” which I had proposed in a book published in 1970.<sup>1</sup>

The German translation of that book was published in 1974, under a title that means, literally, “outmigration and contradicting.” This was a daringly free, though apt, translation of the terms exit and voice, and it may have been chosen by the translator because even then migration and would-be migration were characteristic alternatives to actual resistance in the German Democratic Republic. So the title, with its accent

1. I refer herewith to Hirschman, *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States* (Cambridge, Mass.: Harvard University Press, 1970). In German, the book was published as *Abwanderung und Widerspruch*, trans. Leonhard Walentik (Tübingen: J. C. B. Mohr, 1974). Subsequent essays on it include Hirschman, “Exit and Voice: An Expanding Sphere of Influence,” in my collection *Rival Views of Market Society and Other Recent Essays* (New York: Viking, 1986). To avoid frequent self-quotation, I will indicate the source in the text as book or essay, and put the page numbers in parentheses as needed.

on migration as a primary form of exit, may have contributed to making the book appear particularly relevant to the commotion of 1989. In any event, only six days after the spectacular opening of the Berlin Wall on November 9, 1989, the *Frankfurter Allgemeine Zeitung*, Germany's most respected daily newspaper, published an article by Henning Ritter, director of the social science and humanities section, with the title "Abwandern, Widersprechen: Zur aktuellen Bedeutung einer Theorie von A. O. Hirschman" (To exit, to voice: On the current relevance of a theory of A. O. Hirschman). According to Ritter, my 1970 thesis was being tested "experimentally on a large scale" by the upheaval in East Germany. Since then, several political scientists and sociologists have made extensive, if on occasion conflicting, uses of the concepts of exit, voice, and loyalty in interpreting the events of 1989, now generally called *die Wende* (the turn).<sup>2</sup> Eventually the topic even received a degree of official sanction as the Deutsche Forschungsgemeinschaft (German Research Association), an agency of the Federal Republic, listed the exit-voice approach to the analysis of the *Wende* among the research projects eligible for its grants.<sup>3</sup>

I became aware of this interest in my twenty-year-old book when I

2. The most stimulating contributions were by Detlef Pollack, a sociologist of religion at the University of Leipzig. See especially Pollack, "Das Ende einer Organisationsgesellschaft" in *Zeitschrift für Soziologie*, 19 (August 1990). Pollack gives an insightful account of the events in Leipzig during the fall of 1989, which he obviously witnessed at very close range. He points out that the events contradict my model to the extent it asserts a predominantly rival, rather than complementary, relation between exit and voice in social processes. See also Pollack, "Religion und gesellschaftlicher Wandel" (Religion and social change), *Übergänge* (June 1990); "Aussenseiter oder Repräsentanten?" (Outsiders or representatives?), *Deutschland-Archiv*, 23 (1990), pp. 1217-1223; and Pollack and Christiane Heinze, "Zur Funktion der politisch alternativen Gruppen im Prozess des gesellschaftlichen Umbruchs in der DDR" (About the function of politically alienated groups in the social upheaval in the GDR), in Wolf-Jürgen Grabner et al., *Leipzig im Oktober* (Berlin: Wichern, 1990). Other uses of the exit-voice distinction are found in Claus Offe, "Wohlstand, Nation, Republik: Aspekte des deutschen Sonderweges von Sozialismus zum Kapitalismus" (Welfare, nation, republic: Aspects of the unique German path from socialism to capitalism) (Manuscript, Sept. 1990); and Wolfgang Zapf, "Der Zusammenbruch einer Sozialstruktur" (The collapse of a social structure; unpublished, Feb. 1991). Visiting graduate students from the United States also contributed to the discussion. See Rogers Brubaker, "Frontier Theses: Exit, Voice, and Loyalty in East Germany," *Migration World* 18, no. 3-4, (1990), 12-17, and John Torpey, "Exit, Voice, and Loyalty in the 'Peaceful Revolution' in the GDR" (Paper for the 17th Symposium on the German Democratic Republic, University of New Hampshire, June 1991).

3. Deutsche Forschungsgemeinschaft, press release no. 3, Jan. 29, 1991.



spent the academic year 1990–91 at the Wissenschaftskolleg (Institute for Advanced Study) in Berlin. At that time, I was also able, through reading and interviewing, to become more closely acquainted with the history of the GDR and, in particular, with the remarkable story of its demise. Perhaps not surprisingly, I came to feel that the exit-voice perspective could indeed be of help in seeing some of the events in a new light and that it could itself be enriched by its encounter with a complex historical testing ground. Moreover, to conclude this introduction on a personal note, the topic provided me with a point of reentry into German politics and history after an absence of over half a century from the country where I had spent my first eighteen years.

### The Interplay of Exit and Voice: A Reformulation

To set the stage for my inquiry it is useful to present and reformulate as briefly as possible the concepts of exit and voice as they will be used here. They are two contrasting responses of consumers or members of organizations to what they sense as deterioration in the quality of the goods they buy or the services and benefits they receive. Exit is the act of simply leaving, generally because a better good or service or benefit is believed to be provided by another firm or organization. Indirectly and unintentionally exit can cause the deteriorating organization to improve its performance. Voice is the act of complaining or of organizing to complain or to protest, with the intention of achieving directly a recuperation of the quality that has been impaired. Much of my book and of my subsequent writings on this subject dealt with the conditions under which exit or voice or both are activated.

A recurring theme in my book was the assertion that there is no preestablished harmony between exit and voice, that, to the contrary, they often work at cross-purposes and tend to undermine each other, in particular with exit undermining voice. Easy availability of exit was shown to be inimical to voice, for in comparison to exit, voice is costly in terms of effort and time. Moreover, to be effective, voice often requires group action and is thus subject to all the well-known difficulties of organization, representation, and free riding. By contrast, exit, when available, does not require any coordination with others. Hence one of