

COMPARISON OF A PAPER BY PIER GIORGIO ARDENI WITH ARTICLES BY ANA MARIA BIANCHI	
<p>PIER GIORGIO ARDENI, "Being a consultant 'expert' in a developing country: the legacy and lessons of Albert Hirschman", <i>Quaderni - Working Paper DSE N°964</i>, Università di Bologna, Department of Economics</p> <p>Invited paper prepared for the Conference in honor of A.O. Hirschman, Dipartimento di Economia e diritto, Università di Roma "La sapienza", 12-13 September 2014</p>	<p>ANA MARIA BIANCHI, "Albert Hirschman in Latin America: Notes on Hirschman's Trilogy on Economic Development", <i>Nueva Economía</i>, Año XIX, N° 36, noviembre 2012</p>
	<p>ANA MARIA BIANCHI, "Hirschman and the visiting-economist syndrome", working paper, SSRN_ID920109_code50382, 2006 (on 10/18/2011 author requested status to inactive).</p>
ARDENI p. 8	BIANCHI 2012 p. 107
Hirschman attacked the balanced-growth thesis arguing that problems of industrialization did not require a simultaneous solution across all sectors and industries.	Hirschman had attacked the balanced growth thesis that was advocated by his forerunners in the field. He argued that problems of industrialization did not require a simultaneous solution, as claimed by economists such as Rosenstein-Rodan, Nurkse, Lewis and Scitovsky.
ARDENI p. 8	BIANCHI 2012 p. 107
Quite the opposite: new industrialization processes would allow for a number of sequential solutions which were essentially different from those followed by the older industrial countries. Instead of emphasizing the various obstacles to economic progress -- land tenure systems, family structure, administrative instability, lack of savings and so on --, Hirschman stressed the	Quite the opposite: new industrialization processes would allow for a number of sequential solutions which were essentially different from those followed by the older industrial countries. Instead of emphasizing the various obstacles to economic progress --land tenure systems, family structure, administrative instability, lack of savings and so on--, Hirschman chose to put

need for mechanisms of induction: the fundamental problem of development consists in generating and channeling human energies into a desired direction (Strategy, p. 25).	stress on the need for inducement mechanisms. In his view, the fundamental problem of development consisted in generating and channeling human energies into a desired direction (The strategy, p. 25).
ARDENI p. 9	BIANCHI 2012 p. 107
The central chapter of Hirschman's Strategy, Chapter 4, entitled "Unbalanced growth: An espousal", explains Hirschman's idea of development as a "chain of disequilibria": "... our aim must be to keep alive rather than eliminate the disequilibria of which profits and losses are symptoms in a competitive society. If the economy is to be kept moving ahead the task of development policy is to maintain tensions, disproportions and disequilibria. That nightmare of equilibrium economics, that of the endless spinning coweb, is the kind of mechanism we must assiduously look for as an invaluable help in the development process. (Strategy, p. 66)"	From the viewpoint of this central thesis, the main chapter in The Strategy is chapter 4, where Hirschman puts forward the idea of an unbalanced development strategy. The chapter's title ("Unbalanced growth: An espousal") explicitates this overall commitment to the idea of development as a "chain of disequilibria": "... our aim must be to keep alive rather than eliminate the disequilibria of which profits and losses are symptoms in a competitive society. If the economy is to be kept moving ahead the task of development policy is to maintain tensions, disproportions and disequilibria. That nightmare of equilibrium economics, that of the endless spinning coweb, is the kind of mechanism we must assiduously look for as an invaluable help in the development process. (The Strategy, p. 66)"
	Note that Bianchi 2012 erroneously misspells "cobweb" (as correctly written by Hirschman) as "coweb". The same error appears in Ardeni 2014.
ARDENI p. 9	BIANCHI 2012 pp. 107-108
. . . backward linkages corresponded to the stimuli going to sectors that supplied the inputs required by a particular activity,	In Hirschman's conception, backward linkages corresponded to the stimuli going to sectors that supplied the inputs required by

<p>whereas forward linkages were the inducement to set up new activities utilizing the output of the proposed activity. The main source of development would be activities with high potential linkage effects.</p>	<p>a particular activity, whereas forward linkages were the inducement to set up new activities utilizing the output of the proposed activity. The main source of development would be activities with high potential linkage effects, mainly backward ones.</p>
<p>That industrial development should (and in fact would) proceed largely through backward linkages was quite a revolutionary idea at the time: instead of doing things in the conventional way, industrial development would work its way from the “last touches” to intermediate and basic industry. Industrialization of certain leading sectors would pull along the rest of the economy. In this sense, it was not feasible or desirable to suppress the tensions and disequilibria created by the development process, since there was a “creative virtue” brought by them.</p> <p>If ‘disequilibrium’ is an intentional result, how is balance to be restored? Hirschman depicts it as a result of pressures, incentives, and compulsions. He suggests that the efficient path toward economic development is often found in circumstances where the country has to find solutions for bottlenecks and shortages of skills, facilities, services, and products.</p>	<p>The idea that industrial development should (and in fact would) proceed largely through backward linkages was quite revolutionary at the time: instead of doing things in the conventional way, industrial development would work its way from the “last touches” to intermediate and basic industry. Industrialization of certain leading sectors would pull along the rest of the economy. In this sense, it was not be (sic) feasible non (sic) desirable to suppress the tensions and disequilibria created by the development process, since there was a “creative virtue” on them.</p> <p>If disequilibrium is an intentional mechanism, how is balance to be restored? Hirschman pictures it as a result of pressures, incentives and compulsions. He suggests that the efficient path toward economic development is often found in circumstances where the country has to find solution for bottlenecks and shortages of skills, facilities, services, and products.</p>
<p>ARDENI p. 9-10</p>	<p>BIANCHI 2012 p. 109</p>
<p>Hirschman was the sole economist at that time to bring over the idea of ‘linkages’ as a feature to guide a deliberate strategy of development. Linkages were later interpreted to denote interdependence, interrelations in a general equilibrium system, where everything depends on everything, but also as multiplier effects, including spillover or external effects, even</p>	<p>...Hirschman was the sole economist to bring over the idea of linkages as a feature to guide a deliberate strategy of development. Linkages, claims Syrquin, connote interdependence. We can use the term to point to interrelations (sic) in a general equilibrium system, where everything depends on everything, but also to denote a variety</p>

<p>increasing-returns externalities. But what Hirschman had in mind had a specific and concrete meaning, standing for <i>mechanisms of inducement</i> that were at work within the sector of directly productive activities.</p>	<p>of multiplier effects, including spillover and other external effects. In the <i>Strategy</i>, the concept acquired a more specific and concrete meaning, standing for inducement mechanisms at work within the sector of directly productive activities.</p>
<p>ARDENI p. 10</p> <p>In concluding his <i>Strategy</i>, Hirschman was ready to admit that the emphasis that he had put on the importance and creative virtue attributed to pressures, tensions, and disequilibrium would generate a certain uneasiness. He conceded that the response to such situations might at times be destructive, a danger that “we certainly would not want to disregard.” (p. 208) But this does not imply that such tensions were undesirable and should not occur (p. 209). As a matter of fact, underdeveloped countries were already operating under the grand tension that was triggered by “the universal desire for economic improvement oddly combined with many resistances to change”. How could one make the most of this positive relation between development and the tensions it creates? By means of extending technical assistance and policy advice to underdeveloped countries, was his answer.</p>	<p>BIANCHI 2012 p. 110</p> <p>In the conclusion of <i>The Strategy</i>, Hirschman looks to his own argument... He admits a certain uneasiness about the importance and creative virtue that was attributed to pressures, tensions, and disequilibrium. Likewise, he concedes that the response to such situations might at times be destructive, a danger that “we certainly would not want to disregard” (p. 208).⁵ But this does not imply that such tensions were undesirable and should not occur (p. 209). In fact, underdeveloped countries were already operating under the grand tension that was triggered by “the universal desire for economic improvement oddly combined with many resistances to change”. How could one make the most of this positive relation between development and the tensions it creates? By means of extending technical assistance and policy advice to underdeveloped countries, answers the author.</p>
<p>ARDENI p .10</p> <p>And yet, Hirschman’s main question is whether there is a specific Latin American style of problem-solving and policy-making. By resorting to an expression he borrowed from Gustave Flaubert – <i>la rage de vouloir conclure</i> (the rage of wanting to conclude) – Hirschman characterizes the problem-solving style of latecomers, who would often lead to jump to a</p>	<p>BIANCHI 2012 p. 114</p> <p>. . . Hirschman devotes Chapter 4 to the following question: is there a Latin American style of problem-solving and policy-making? To answer this questions, he introduces on p. 238 a French expression which would turn out to be central in his thinking: <i>la rage de vouloir conclure</i> (the anger of wanting to conclude). By using this expression he intends to characterize</p>

<p>ready-made solution:</p> <p>“Urged on by pressing problems and by the desire to catch up, and liberally supplied with recipes communicated to them by the advanced countries of both East and West, their policy-makers are only too ready to believe that they have achieved full understanding and to act on the basis of this belief” (<i>Journeys</i>, p. 240).</p>	<p>the problem-solving style of latecomers. . . this would often lead them [the policy-makers] to jump to a ready-made solution, since</p> <p>“Urged on by pressing problems and by the desire to catch up, and liberally supplied with recipes communicated to them by the advanced countries of both East and West, their policy-makers are only too ready to believe that they have achieved full understanding and to act on the basis of this belief” (<i>Journeys</i>, p. 240).</p>
<p>ARDENI p. 10</p>	<p>BIANCHI 2012 pp. 114-115</p>
<p>The special problem of latecomers in the industrialization process is that all they can do is to follow a trail that others opened some time before. However, by assuming this derived type of development, they might face additional obstacles of a psychological nature, which involve “a vague resentment against the new ways, a secret hope that the equipment/methods will not work out in our milieu.” (<i>Strategy</i>, p. 159).</p> <p>This ambivalent attitude gives rise to the ‘failure complex’ (fracasomania) which characterizes a “self-deprecatory style of policy-making”: the tendency to consider problems as either wholly unsolved or as totally solved. Driven by a compulsive desire to solve all problems as rapidly as possible (la rage...) policy-makers are bound to search for a “fundamental” solution, for which they count on foreign counseling. The often excessive enthusiasm with which foreign missions and experts were greeted at their arrival in a Latin American country would have been part of this ambivalent patter. There was no rejection, but, instead, an attitude of acceptance qualified by</p>	<p>...the special problems of latecomers in the industrialization process. All they can do, he had argued in <i>The strategy</i>, is to follow a trail that others had opened a long time ago. However, by assuming this derived type of development, they might face additional obstacles of a psychological nature, which involve “a vague resentment against the new ways, a secret hope that the equipment/methods will not work out in our milieu” (<i>The strategy</i>, p. 139).</p> <p>This ambivalent attitude (sic) is further discussed in <i>Journeys</i>, where Hirschman coins a significative expression to picture it: “failure complex” (p. 240). . . . a “self-deprecatory style of policy-making” observed among Latin American politicians. ... The tendency to consider problems as either wholly unsolved or as totally solved. Driven by a compulsive desire to solve all problems as rapidly as possible (la rage...) policy-makers are bound to search for a “fundamental” solution, for which they count on foreign counseling¹⁰. The often excessive enthusiasm with which foreign missions and experts are greeted at their arrival in a Latin American country¹¹ would be part of this</p>

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ambivalent pattern. There was no rejection, but, instead, an attitude of acceptance qualified by (unconscious) sabotage.

ARDENI p. 11	BIANCHI 2012 pp. 117-118
<p>In <i>Projects</i> Hirschman developed the principle of the <i>hiding hand</i>, a metaphor in the vein of Smith's invisible hand, referring to Weber's concept of unintended consequences of human action. Through this metaphor, Hirschman went on to explore one of his dearest ideas, the search for possible hidden rationalities.</p> <p>Development projects are subject to two kinds of potential occurrences: unsuspected threats, on the one hand; and unexpected remedial actions that can be taken whenever the former become real, on the other. Project planners may ignore or underestimate the extent of trait-making that a given project requires; should they have complete information about the difficulties involved in its implementation, they might have decided to abandon it; in so doing, however, they would never reach the alternative solutions that might later turn out to be the true handicap of their project.</p>	<p>...another central concept in <i>Development Projects</i> is the so-called principle of the <i>hiding hand</i>, a metaphor to which Hirschman would return in his later writings At first sight, it's ancestor is Adam Smith's invisible hand; however, Hirschman claims that it is the Weberian concept of unintended consequences of human action. By employing this metaphor the author explores one of his dearest ideas, which is the search for possible hidden rationalities.</p> <p>. . . Development projects are subject to two kinds of potential developments: unsuspected threats, on the one hand; and unexpected remedial actions that can be taken whenever the former become real, on the other. Project planners may ignore or underestimate the extent of trait-making that a given project requires¹²; should they have complete information about the difficulties involved in its implementation, they might have decided to abandon (sic) it; in so doing, however, they would never reach the alternative solutions that might later turn out to be the true handicap of their project.</p>
ARDENI P. 11	BIANCHI 2012 pp. 118-119
<p>He stressed the significant role that political action plays in economic processes. 'Voice', as he would later argue, is not a substitute for the market, nor an obstacle to its functioning; it is a second generally available mechanism that social actors consider in their choices. Therefore, economists concerned with development issues should focus on the general context in which economic decisions are made. Trespassing disciplinary</p>	<p>By means of this second concept [voice] Hirschman stresses the significant role that political action plays in many economic processes. Voice is not a substitute for the market, nor an obstacle to its functioning; it is a generally available mechanism that social actors consider in their choices. Therefore, economists concerned with development issues should focus the general context in which economic decisions are made.</p>

boundaries was a conscious <i>parti-pris</i> by Hirschman, as he realized the richness he could get from the cross-fertilization of disciplines and cultures.	This tendency to trespass disciplinary boundaries is not an occasional characteristic of Hirschman's writings, . . . Rather, it seems to be a conscious <i>parti-pris</i> , by means of which the author finds help in analytical tools. . .

ARDENI p. 11	BIANCHI 2012 p. 120
<p>Hirschman had gone to Latin America with the intention of studying the problem of development in backward countries. His was an intellectual mission in which he wanted to study the causes of underdevelopment and how large-scale reform policies could be carried out to provide a solution, a mixture of positive and normative elements. He worked on two simultaneous fronts: a theoretical one, which implied building a theory to explain underdevelopment, and a practical one, which involved discussing a set of policy recommendations to cope with it.</p>	<p>...Hirschman moved to Latin America with the goal of studying the problem of development in backward countries. (<i>Crossing</i>, p. 80). It was not a purely intellectual mission. He wanted to study the causes of underdevelopment and how large-scale reform policies could be carried out to provide a solution. This suggests that, from the very beginning, there was a mixture of positive and normative elements in Hirschman's work. Concern with political relevance led him to work on two simultaneous fronts: a theoretical one, which implied building a theory to explain underdevelopment, and a practical one, which involved discussing a set of policy recommendations to cope with it.</p>
ARDENI p. 11	BIANCHI 2012 pp. 120-121
<p>Hirschman never endorsed the idea that the basic job of a social scientist is to discover and stress regularities, stable relationships, uniform sequences, and so forth. Diaz (1984) pointed out that Hirschman has been a rebel against the simplifications, banalities, and limitations of practical orthodoxy and heterodoxy, and he did so by learning from his empirical work. He did not manipulate a large mass of statistical data and did not submit them to sophisticated econometric techniques, as his contemporaries would do. He basically relied on direct observation – visiting projects, listening to people, meeting with government officials – and on historical analysis of relevant institutions.</p> <p>Hirschman realized that certain structural characteristics of underdeveloped economies made orthodox analysis inapplicable and misleading. He wanted “to underline the</p>	<p>...Hirschman does not endorse the idea that the basic job of a social scientist is to discover and stress regularities, stable relationships, uniform sequences, and so forth. Alejandro (1984) points out that Hirschman has been a rebel against the simplifications, banalities, and limitations of practical orthodoxy and heterodoxy, and he did so by learning from his empirical work. He did not manipulate a large mass of statistical data and submitted them to sophisticated econometric techniques, as a contemporary fellow would do. He basically relied on direct observation (visiting projects, listening to people, meeting with government officials and so on) and on historical analysis of relevant institutions (agrarian laws in Colombia, a regional bank in Brazil and so many others).</p> <p>Albert Hirschman Hirschman realized that certain structural characteristics of underdeveloped economies made orthodox analysis inapplicable and misleading. He wanted “to underline</p>

<p>multiplicity and creative disorder of the human adventure, to bring out the uniqueness of a certain occurrence, and to perceive an entirely new way of turning a historical corner". His whole life is a testimony to this attitude: he decided to live in a very poor continent like Latin America in the 1950's, he bothered to learn the language and to visit the countryside, interacting with Latin American politicians, intellectuals, workers and other social groups. He went to Latin America with prior theoretical ideas that he later dismissed whenever empirical investigation proved them wrong. Afterwards, he recalled arriving in Colombia, and being humbly determined "to understand better their [the Colombians] patterns of action, rather than assume from the outset that they could only be 'developed' by importing a set of techniques they knew nothing about" (Hirschman 1984).</p>	<p>the multiplicity and creative disorder of the human adventure, to bring out the uniqueness of a certain occurrence, and to perceive an entirely new way of turning a historical corner", and his biography is emblematic of to this attitude: not only he decided to live in a very poor continent such as Latin America was in the 1950's, he also bothered to learn the language and to visit the countryside, interacting with Latin American politicians, intellectuals, workers and other social groups. Of course, he went to Latin America with some prior theoretical conceptions after all, but he was ready to abdicate of them if empirical investigation proved them wrong. When he arrived in Colombia, he was determined "to understand better their [the Colombians] patterns of action, rather than assume from the outset that they could only be 'developed' by importing a set of techniques they knew nothing about" (<i>Dissenters</i>, p. 91).</p>
	<p>Note that "[the Colombians]" in Hirschman's quotation was added by Bianchi 2012. The same addition in square brackets appears in Ardeni 2014.</p>
<p>ARDENI p. 19, note 29</p>	<p>BIANCHI 2006 p. 10</p>
<p>Hirschman noted that in Colombia people tended to treat foreign experts as "a new brand of magicians", while at the same time pouring scorn on themselves by exclaiming "Aquí en el trópico hacemos todo al revés" (Here in the tropics we do everything the other way around). However, he alerted foreign advisers of the risk of taking such reactions too literally, as they tended to do. Many Colombians did not actually hold such a poor self-image. For at least some of them the phrase implied that, given their constraints, they might well have survived</p>	<p>In Colombia, Hirschman notes that people tended to treat foreign experts as "a new brand of magicians", while at the same time pouring scorn on themselves by exclaiming "Aquí en el trópico hacemos todo al revés" (Here in the tropics we do everything the other way around). However, he alerts the foreign advisers of the risk of taking such reactions too literally, as they tended to do. Many Colombians did not actually hold such a poor self-image. For at least some of them the phrase implied that, given their constraints, they might well have</p>

without foreign assistance, working out by trial and error a few principles of action that had actually proven quite effective in their circumstances.	survived without foreign assistance, working out by trial and error a few principles of action that had actually proven quite effective in their circumstances.
ARDENI p. 19	BIANCHI 2006 p. 12
Hirschman avoided indulging himself in this “vice”, from the very beginning of his work in development economics, when he questioned the transposition to Latin America of the Keynesian policies implemented in Europe during the Marshall Plan. Hirschman realized that certain structural characteristics of developing economies made conventional analysis and the corresponding tools inapplicable and misleading.	The authors hold that Hirschman avoided indulging himself in the “Ricardian vice”, from the very beginning of his work in development economics, when he questioned the transposition to Latin America of the Keynesian policies implemented in Europe during the Marshall Plan. Hirschman realized that certain structural characteristics of developing economies made conventional analysis and the corresponding tools inapplicable and misleading.
ARDENI p. 23	BIANCHI 2006 p. 12
Hirschman was someone who never thought of himself as an expert, but, rather, wanted to learn from his interlocutors. He was profoundly interested in what people already knew (and sometimes could not act on) and on what they wanted to do. In the design and implementation of a given plan, this required a careful assessment of the particular circumstances to which the plan would apply.	Likewise, Tendler (1994, pp. 291-293), who worked with Hirschman in Brazil, describes his approach to people as that of someone who does not think of himself as an expert, but, rather, wants to learn from his interlocutors. She testifies that Hirschman was profoundly interested in what people already knew (and sometimes could not act on) and on what they wanted to do. In the implementation of a given plan, this required a careful assessment of the particular circumstances to which the plan would apply.

ARDENI p. 23	BIANCHI 2006 p. 13
Hirschman argued that people in this <i>métier</i> should not rely on general principles, abstract prescriptions and ready-made formulas. Rather, they should engage in a thorough empirical research of their “cases”, carrying an “empirical lantern” in their “visits to the patient.” (Hirschman 1984, p. 93).	He [Hirschman] argues that people in his <i>métier</i> should not rely on general principles, abstract prescriptions and ready-made formulas. Rather, they should engage in a thorough empirical research of their “cases”, carrying an “empirical lantern” in their “visits to the patient.” (<i>Dissenters’s</i> , p. 93)
ARDENI p. 26	BIANCHI 2006 p. 3
Hirschman was well aware of the disorderly nature of the development process. He was interested in “how a society can begin to move forward as it is, in spite of what it is and because of what it is”.	... [Hirschman] had emphasized the disorderly nature of economic development, . . . Rather, he conceives his task as one of showing “how a society can begin to move forward as it is, in spite of what it is and because of what it is” (Strategy, p.6, emphasis in the original).
ARDENI p. 27	BIANCHI 2006 pp. 11-12
And yet, there is no active learning from past experience, which is crucial for problem-solving. Foreign advisers become scapegoats and receive the blame no matter how “wrong” their recommendations actually are. On the other hand, by conceding themselves a sort of immunity against the negative consequences of their decisions, they are incapable of building on past experience.	A logic conclusion here is that learning from past experience, which is crucial for problem-solving, does not occur. Foreign advisers tends to receive blame no matter how “wrong” their recommendations actually are. On the other hand, by conceding themselves a sort of immunity against the negative consequences of their decisions, decision makers are incapable of building on past experience.