

## Albert Hirschman: a celebration

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**Abstract** The article is the opening address at the Conference “*Albert Hirschman scienziato sociale*” held in Rome on the 6th May 2014 at the Accademia Nazionale dei Lincei and at the presence of the President of Italian Republic, Sen. Giorgio Napolitano. A previous version of this article was published in Italian and available on line on Moneta e Credito, 2014, vol. 67, issue 266, pages 159–165 (<http://ojs.uniroma1.it/index.php/monetaecredito/index>). In this article the author traces the cultural and political environment of Hirschman stating that he “was a formidable enemy of the narrow lines of reasoning called ‘the economic approach’, which had—and still has—much following among many economists and some sociologists, who celebrate economics as a ‘conquering discipline’. Rather than having social studies influenced by the emaciated understanding of economics that has weakened economics itself, Hirschman was keen on enriching economics by incorporating social, political and cultural considerations”.

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I feel very privileged to be here at this wonderful Academy to celebrate the life and works of one of the foremost social thinkers of the twentieth century. Albert Hirschman was not only an immensely productive researcher, his writings were deeply innovative and exceptionally challenging. He often took a diametrically

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opposite view to well-established lines of thinking in the respective disciplines. He was outstanding in his ability to identify neglected issues of great novelty even in very well studied subjects, and was always willing to question received wisdom with hard-hitting arguments.

Jonathan Swift has argued that a true genius can be recognised by the fact that “the dunces are all in confederacy against him”. Hirschman did indeed have to wrestle with many objectors, denouncing the departures proposed by him.

Albert Hirschman was willing to live dangerously. This was readily apparent in the courageous political work that he did in his younger days, but a refusal to opt for easy academic safety can also be seen in his persistence with rebellious thoughts throughout his life. In his youth, Albert Hirschman did brave and very dangerous things as a rescuer of the threatened Jewish population in Nazi-dominated Europe in the 1930s. He worked underground, with an assumed identity and a fake passport, moving in and out of Nazi-controlled France, and helped the evacuation of targeted victims to America, away from Nazi persecution. Judging from contemporary pictures, he looked elegant and handsome—and extremely French, in his local attire, including a well-worn beret. In his later days he enjoyed recollecting that vigorous period of his life, as days of deeply committed work, and he certainly did take huge personal risks in doing what he saw as his duty.

As Albert did very unusual and daring things in his political life, so he did in his intellectual life as well. He knew that his ideas would rattle many people, steeped in established lines of thinking, and that he would be attacked for his views and intellectual claims. This did not deter him in any way—indeed he revelled in sharing his dissent, backed by strong arguments. There was nothing in the least mundane about Albert Hirschman.

I have been most fortunate personally in knowing Albert well, thanks to my kinship ties with him—through my late wife Eva Colorni whose mother Ursula was Albert’s sister. Those ties also gave me access to other members of the family, thereby further brightening my life, and I remember our family chats with the greatest of affection, delight and nostalgia. I recollect especially fondly some arguments between Albert and his brother-in-law, Altiero Spinelli (the founder of the European Movement), on the future of Europe. As we celebrate the remarkable creativity and achievements of Albert’s academic and intellectual work, we must also remember the warmth of his personal relationships and friendships, and his deep interest in the lives and thoughts of different people he came to know in widely varying phases of his extraordinary career.

Hirschman lived a thoroughly integrated life, in which the ordinary and the profound were closely linked with each other. His novel insights were sometimes initiated by his close observation of everyday events, just as they arose, on other occasions, from his reaction to big happenings in history which he studied carefully, and from his scrutiny of momentous political, social and economic changes he saw around him.

Hirschman was a quintessential dissenter. He was never in the least interested in providing smart expositions of standard wisdoms of economics—there were many economists more than ready to do just that. On the other hand, there were plenty of potentially important but novel ideas, waiting to be clarified, pursued, chiselled and

sharpened, which did interest and enthuse Hirschman. Far from leading the life of a much admired teller of standard tales, Hirschman favoured his role as the proposer and advocate of ideas that were destined to have bumpy rides.

Consider Hirschman's analysis of the respective roles of "passions" and "interests" in human choices in one of his wonderful books, *The Passions and the Interests*. He identified various motivations that standard economics tended to ignore, and this neglect not only impoverishes economics, it also undermines the easy defence of the adequacy of a market-centred world that some versions of mainstream economics tend to champion. Indeed, market accounting, important as it may be, leaves out many of the most significant human relationships—crucial for personal well-being and freedom, and also for social initiatives and collaborative innovations. Hirschman gave us deep insights into the importance of these human relations, and also showed how they can undermine many of the standard arguments of conventional economics on what markets can single-handedly achieve.

That is surely one more strike against market fundamentalism—to be placed next to Paul Samuelson's analysis of "public goods" and the investigation of informational asymmetry by Kenneth Arrow, George Akerlof and others. But what may be less fully understood is that Albert Hirschman also showed how the market mechanism can achieve some very positive things that the market fundamentalists themselves tended to miss out altogether. He went back to some early arguments of Montesquieu who had praised the market's ability to make use of the benign and constructive role of self-centred interests in subduing evil passions. As Hirschman put it in *The Passions and the Interests*, even though *passions* are critically important for people and may sometimes prompt people to be "wicked," "they have nevertheless an *interest* in not being so". In Hirschman's hands this classical, but quite neglected argument, blossomed into an alternative way of looking at the market economy—not in the light only of economic efficiency—but in terms of taking people away from violent passions in pursuit of divisive forces of violence, related to nationalism, religious intolerance, communal tensions, racial hostilities—each of which have led to much bloodshed in the past, and continue to plague the world today. It is perhaps worth noting that the contemporary violence based on religious extremism flourishes most in those parts of the world in which economic activities are low, and gainful employment is hard to find in strained or ravaged markets.

Hirschman was a formidable enemy of the narrow lines of reasoning called "the economic approach", which had—and still has—much following among many economists and some sociologists, who celebrate economics as a "conquering discipline". Rather than having social studies influenced by the emaciated understanding of economics that has weakened economics itself, Hirschman was keen on enriching economics by incorporating social, political and cultural considerations. He showed how the "onward sweep" of the so-called "economic approach" has actually brought out some of the "intrinsic weaknesses" of a meagre view of economics. In arguing for the relevance of many different types of information and a willingness to acknowledge the necessity of some productive complexity, Hirschman argued powerfully against intellectual "parsimony," departing sharply from the "simpleminded" view of narrowly self-interested and

isolated individuals. He argued for taking fuller note of “complex psychological and cultural processes” that lay behind “observed market processes”. Unlike the use of the so-called “economic approach” in the other social sciences, which got the different social sciences together under the imperial hegemony of parsimonious economic analysis, Hirschman showed ways of integrating the disciplines by enriching each of them with insights from the others.

One of the consequences of Hirschman’s broadening efforts is his unwillingness to accept the dichotomy between state planning versus market dependence. As he wrote in “A Dissenter’s Confession,” he had to defend the price mechanism when he went to Colombia in 1952 “as economic and financial adviser to the newly established National Planning Council” that had been set up on the initiative of the World Bank. The relevant people in the World Bank, at that time, did not share Hirschman’s “healthy respect (based on watching the misadventures of the French economy) for the efficiency of the price system”. When the Bank “attempted to condition its lending on countries’ establishing some form of overall economic planning”, he wanted to see how the price mechanism would be given its due role. Since in more recent times, the World Bank has been very keen on the market economy, it is interesting that Hirschman noted that he “almost lost [his] advisory job in Colombia” because he refused to dispense with giving a rightful place to the price mechanism, as the Bank was then, oddly enough, pushing Colombia to do.

If that was a qualified admiration of what the markets can do and why they are needed, Hirschman remained totally opposed to attempting to rely only on the market economy. Hirschman was a brilliant critic of the “free-market credo as a universal remedy”. He was highly censorious of the admonitions that conservative international organizations increasingly delivered to Latin American policy makers—“on the virtues of free markets, privatization, and private foreign investment, and on the perils of state guidance and intervention as well as excessive taxation, not to mention planning”. Hirschman’s radical pragmatism could not tolerate unexamined prejudice in either direction.

Hirschman was a devastating critic, even, of the universal prescription of finding an optimal union of the state and the market. This was the prescription of minimal (or what might now be called “smart”) government, which he described in 1971 (not without irony) as “the ‘asymptotic’ conception of the state’s role”: “government action in the economic field is thus conceived as a corrective and complement of private action... all the areas in which the market tends to fail will be ferreted out, and the best possible mix of market and nonmarket decision making will be approached and permanently established”. He also rejected, in his Eva Colorni Memorial Lecture of 1990, the “bitter and mean-spirited prediction of conservative critics of social programs, that all [such] reforms will fail”. On each occasion, Hirschman stood up for fearless pursuit of open-minded critical reasoning, no matter how unfashionable it might have been.

There is so much to discuss about Albert Hirschman’s path-breaking contributions to social and economic thinking, that it is hard to decide where to stop. However, I must stop right now, since I am eager to listen to other analyses of his works and achievements.

Albert Hirschman was one of the great intellectuals of our times. His writings have transformed our understanding of economic development, social institutions, human behaviour, and the nature and implications of our identities, loyalties and commitments. He has left an enduring mark on the study of social sciences, helping to contribute to an extraordinary enrichment of a whole range of intellectual disciplines. We have much reason to be grateful for what Hirschman was able to do in academic studies, but I must also end by remembering the warmth of his personality that made him such a wonderful human being. Albert Hirschman's great human qualities found expression in so many different ways, varying from his dedicated and highly risky work in rescuing victims of oppression in Nazi-dominated Europe to his relaxed conversations with friends and relations which used to enrich the lives of his interlocutors. The great intellectual was also more than that.