In the mid-nineteenth century, work began on a crucial section of the railway line connecting Boston to the Hudson River. The addition would run from Greenfield, Massachusetts, to Troy, New York, and it required tunnelling through Hoosac Mountain, a massive impediment, nearly five miles thick, that blocked passage between the Deerfield Valley and a tributary of the Hudson.

James Hayward, one of New England’s leading railroad engineers, estimated that penetrating the Hoosac would cost, at most, a very manageable two million dollars. The president of Amherst College, an accomplished geologist, said that the mountain was composed of soft rock and that tunnelling would be fairly easy once the engineers had breached the surface. “The Hoosac . . . is believed to be the only barrier between Boston and the Pacific,” the project’s promoter, Alvah Crocker, declared.

Everyone was wrong. Digging through the Hoosac turned out to be a nightmare. The project cost
more than ten times the budgeted estimate. If the people involved had known the true nature of the challenges they faced, they would never have funded the Troy-Greenfield railroad. But, had they not, the factories of northwestern Massachusetts wouldn’t have been able to ship their goods so easily to the expanding West, the cost of freight would have remained stubbornly high, and the state of Massachusetts would have been immeasurably poorer. So is ignorance an impediment to progress or a precondition for it?

The economist Albert O. Hirschman, who died last December, loved paradoxes like this. He was a “planner,” the kind of economist who conceives of grand infrastructure projects and bold schemes. But his eye was drawn to the many ways in which plans did not turn out the way they were supposed to—to unintended consequences and perverse outcomes and the puzzling fact that the shortest line between two points is often a dead end.

“The Principle of the Hiding Hand,” one of Hirschman’s many memorable essays, drew on an account of the Troy-Greenfield “folly,” and then presented an even more elaborate series of paradoxes. Hirschman had studied the enormous Karnaphuli Paper Mills, in what was then East Pakistan. The mill was built to exploit the vast bamboo forests of the Chittagong Hill Tracts. But not long after the mill came online the bamboo unexpectedly flowered and then died, a phenomenon now known to recur every fifty years or so. Dead bamboo was useless for pulping; it fell apart as it was floated down the river. Because of ignorance and bad planning, a new, multimillion-dollar industrial plant was suddenly without the raw material it needed to function.

But what impressed Hirschman was the response to the crisis. The mill’s operators quickly found ways to bring in bamboo from villages throughout East Pakistan, building a new supply chain using the country’s many waterways. They started a research program to find faster-growing species of bamboo to replace the dead forests, and planted an experimental tract. They found other kinds of lumber that worked just as well. The result was that the plant was blessed with a far more diversified base of raw materials than had ever been imagined. If bad planning hadn’t led to the crisis at the Karnaphuli plant, the mill’s operators would never have been forced to be creative. And the plant would not have been nearly as valuable as it became.

“We may be dealing here with a general principle of action,” Hirschman wrote:

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.

And from there Hirschman’s analysis took flight. People don’t seek out challenges, he went on. They are “apt to take on and plunge into new tasks because of the erroneously presumed absence of a challenge—because the task looks easier and more manageable than it will turn out to be.” This was
the Hiding Hand principle—a play on Adam Smith’s Invisible Hand. The entrepreneur takes risks but does not see himself as a risk-taker, because he operates under the useful delusion that what he’s attempting is not risky. Then, trapped in mid-mountain, people discover the truth—and, because it is too late to turn back, they’re forced to finish the job.

“We have ended up here with an economic argument strikingly paralleling Christianity’s oft expressed preference for the repentant sinner over the righteous man who never strays from the path,” Hirschman wrote in this essay from 1967. Success grew from failure:

And essentially the same idea, even though formulated, as one might expect, in a vastly different spirit, is found in Nietzsche’s famous maxim, “That which does not destroy me, makes me stronger.” This sentence admirably epitomizes several of the histories of economic development projects in recent decades.

As was nearly always the case with Hirschman’s writing, he made his argument without mathematical formulas or complex models. His subject was economics, but his spirit was literary. He drew on Brecht, Kafka, Freud, Flaubert, La Rochefoucauld, Montesquieu, Montaigne, and Machiavelli, not to mention Homer—he had committed huge sections of the Odyssey to memory. The pleasure of reading Hirschman comes not only from the originality of his conclusions but also from the delightfully idiosyncratic path he took to them. Consider this, from the same essay (and, remember, this is an economist who’s writing):

While we are rather willing and even eager and relieved to agree with a historian’s finding that we stumbled into the more shameful events of history, such as war, we are correspondingly unwilling to concede—in fact we find it intolerable to imagine—that our more lofty achievements, such as economic, social or political progress, could have come about by stumbling rather than through careful planning. . . . Language itself conspires toward this sort of asymmetry: we fall into error, but do not usually speak of falling into truth.

“Worldly Philosopher: The Odyssey of Albert O. Hirschman” (Princeton), by the Princeton historian Jeremy Adelman, is a biography worthy of the man. Adelman brilliantly and beautifully brings Hirschman to life, giving us an unforgettable portrait of one of the twentieth century’s most extraordinary intellectuals.

Hirschman was born in Berlin in 1915, into a prosperous family of Jewish origin. His father was a surgeon, and the family lived in the embassy district, near the Tiergarten. Hirschman was slender and handsome, in the mold of Albert Camus. He dressed elegantly, danced skillfully, spoke half a dozen languages, and had a special affection for palindromes. He was absent-minded and distractable. While lecturing, Adelman writes, “He rambled. He mumbled. Mid-sentence, he would pause, his right hand supporting his chin, his eyes drifting upward to fasten on a spot on the ceiling.” He would call his wife upon taking his car somewhere because—as he once said—“I do not know how to put it among two other cars on the sidewalk.” “When you spoke to him,” a friend said, “it was sometimes five or ten
seconds before he would show any sign of having heard you.” He was also deeply charming when he put his mind to it.

The great influence on Hirschman’s life was his brother-in-law, the Italian intellectual Eugenio Colorni. Colorni and Hirschman were as close as siblings, and when Colorni was killed by Fascist thugs in Rome, during the Second World War, Hirschman was inconsolable. Adelman writes:

Colorni believed that doubt was creative because it allowed for alternative ways to see the world, and seeing alternatives could steer people out of intractable circles and self-feeding despondency. Doubt, in fact, could motivate: freedom from ideological constraints opened up political strategies, and accepting the limits of what one could know liberated agents from their dependence on the belief that one had to know everything before acting, that conviction was a precondition for action.

The phrase that Hirschman and Colorni would repeat to each other was that they hoped to “prove Hamlet wrong.” Hamlet shouldn’t have been frozen by his doubts; he should have been freed by them. Hamlet took himself too seriously. He thought he needed to be perfect. Colorni and Hirschman didn’t.

Courage, Colorni wrote, required the willingness “to always be on guard against oneself.”

Doubt didn’t mean disengagement. In the summer of 1936, Hirschman volunteered to fight in Spain on the side of the Loyalists, against General Franco’s German-backed Fascists. He was twenty-one and living in Paris, having just got back from studying at the London School of Economics. He was among the first wave of German and Italian volunteers to take the train to Barcelona. “When I heard that there was even a possibility to do something,” Hirschman said, “I went.”

Hirschman rarely spoke about what happened in Spain. Decades later, Adelman recounts, Albert and his wife, Sarah, went to see a film about the Spanish Civil War. Afterward, Sarah asked Albert, “Was it like that?” His response was a deft non-response: “Yeah, that was a pretty good film.” On this subject, as on a few others, Sarah felt a certain reticence in her husband. Still, as Adelman remarks, “the scars on his neck and leg made it impossible for her to forget.”

Adelman interprets Hirschman’s silence as disenchantment: “The endless debate rehearsed in Berlin and Paris over left-wing tactics was more than a farce, it was a tragedy of epic proportions.” Hirschman saw the Communists move in and, in his mind, the spirit of the cause became contaminated. It broke his heart. But Hirschman would come to recognize that action fuelled by doubt allows for failures to be left behind. Spain was a tragedy, but it was also, for him, an experiment, and experiments go awry.

Hirschman liked to say that he had “a propensity to self-subversion.” He even gave one of his books that title. He qualified and questioned and hedged as a matter of habit. He never trusted himself enough to indulge in grand theorizing. He pursued the “petite idée,” the attempt, as he said, “to come to an understanding of reality in portions, admitting that the angle may be subjective.” Once, when a World Bank director sent him a paper that referred to the “Hirschman Doctrine,” Hirschman replied, “Unfortunately (or, I rather tend to think, fortunately), there is no Hirschman school of economic
Hirschman spent his career in constant motion. After doing graduate training in London and Italy, fighting in Spain, and spending the first part of the war in France, he left for the United States, by which point he had begun to lose track of his own movements. “This makes my fourth—or is it fifth?—emigration,” he wrote to his mother. He accepted a fellowship at Berkeley (where he met the woman he would marry, Sarah Chapiro, another émigré), did a tour of duty for the O.S.S. in North Africa and Europe, and, with the war concluded, served a stint at the Federal Reserve Board, where he grew so unhappy that he would return home to his wife and two daughters in Chevy Chase, shut the door to his study, and bury himself in Kafka. He worked for the Marshall Plan in Washington, providing, Adelman says, “the thinking behind the thinking,” only to be turned down for a transfer to Paris because of a failed national-security review. He was in his mid-thirties. On a whim, he packed up the family and moved to Bogotá, Colombia, where he worked on a project for the World Bank. He crisscrossed the country with, Adelman writes, “pen in hand and paper handy, examining irrigation projects, talking to local bankers about their farm loans, and scribbling calculations about the costs of road building.”

Writing to her parents about the family’s decision to move to Colombia, which was then in the midst of a civil war, Sarah explained, “We both realize that you should think of the future—make plans for the children etc. But I think we both somehow feel that it is impossible to know what is best and that the present is so much more important—because if the present is solid and good it will be a surer basis for a good future than any plans that you can make.” Most people would not have left a home in Chevy Chase and the security of a job in Washington to go to a Third World country where armed gangsters roamed the streets, because they would feel certain that Colombia was a mistake. Hirschman believed, as a matter of principle, that it was impossible to know whether Colombia would be a mistake. As it happened, the four years the family spent in Bogotá were among its happiest. Hirschman returned to Latin America again and again during his career, and what he learned there provided the raw material for his most brilliant work. His doubt was a gift, not a curse.

Hirschman published his first important book, “The Strategy of Economic Development,” in 1958. He had returned from Colombia by then and was at Yale, and the book was an attempt to make sense of his experience of watching a country try to lift itself out of poverty. At the time, he was reading deeply in the literature of psychology and psychoanalysis, and he became fascinated with the functional uses of negative emotions: frustration, aggression, and, in particular, anxiety. Obstacles led to frustration, and frustration to anxiety. No one wanted to be anxious. But wasn’t anxiety the most powerful motivator—the emotion capable of driving even the most reluctant party toward some kind of solution?

In the field of developmental economics, this was heretical. When people from organizations like
the World Bank descended on Third World countries, they always tried to remove obstacles to
development, to reduce economic anxiety and uncertainty. They wanted to build bridges and roads and
airports and dams to insure that businesses and entrepreneurs encountered as few impediments as
possible to growth. But, as Hirschman thought about case studies like the Karnaphuli Paper Mills and
the Troy-Greenfield folly, he became convinced that his profession had it backward. His profession
ought to embrace anxiety, and not seek to remove it.

As he wrote in a follow-up essay to “The Strategy of Economic Development”:

Law and order and the absence of civil strife seem to be obvious preconditions for the gradual and patient accumulation of skills, capital and
investors’ confidence that must be the foundation for economic progress. We are now told, however, that the presence of war-like Indians in
North America and the permanent conflict between them and the Anglo-Saxon settlers was a great advantage, because it made necessary
methodical, well-planned, and gradual advances toward an interior which always remained in close logistic and cultural contact with the
established communities to the East. In Brazil, on the contrary, the backlands were open and virtually uncontested; the result was that once an
excessively vast area had been occupied in an incredibly brief time span the pioneers became isolated and regressed economically and culturally.

The impulse of the developmental economist in those days would have been to remove the
“impediments” to growth—to swoop in and have some powerful third party deal with the “war-like
Indians.” But that would have turned North America into Brazil, and the pioneers would never have
been forced to develop methodical, well-planned advances in logistical contact with the East.

Developing countries required more than capital. They needed practice in making difficult
economic decisions. Economic progress was the product of successful habits—and there is no better
teacher, Hirschman felt, than a little adversity. He would rather encourage settlers and entrepreneurs at
the grass-roots level—and make them learn how to cope with those impediments themselves—than run
the risk that aid might infantilize its recipient. He loved to tell the story of how, at a dinner party in a
Latin American country, he struggled to track down the telephone number of a fellow-academic: “I
asked whether there might be a chance that X would be listed in the telephone directory; this
suggestion was shrugged off with the remark that the directory makes a point of listing only people
who have either emigrated or died. . . . The economist said that X must be both much in demand and
hard to reach, as several people had inquired about how to get in touch with him within the past few
days. The subject was dropped as hopeless, and everybody spent a pleasant evening.”

Back in his hotel room, Hirschman looked in the phone book, found his friend’s number, and got
him on the line immediately.

A few years after publishing “The Strategy of Economic Development,” Hirschman was invited by
the World Bank to conduct a survey of some of its projects. He drew up his own itinerary, which,
typically, involved almost an entire circuit of the globe: a power plant in El Salvador, roads in
Ecuador, an irrigation project in Peru, pasture improvement in Uruguay, telecommunication in
Ethiopia, power transmission in Uganda, an irrigation project in Sudan, railway modernization in
Nigeria, the Damodar Valley Corporation in India, the Karnaphuli Paper Mills, an irrigation project in
Thailand and another in the south of Italy.

Adelman is struck by the tone of optimism in Hirschman’s notes on his journey. The economist was interested in all the ways in which projects managed to succeed, both in spite of and because of the difficulties:

Instead of asking: what benefits [has] this project yielded, it would almost be more pertinent to ask: how many conflicts has it brought in its wake? How many crises has it occasioned and passed through? And these conflicts and crises should appear both on the benefit and the cost side, or sometimes on one—sometimes on the other, depending on the outcome (which cannot be known with precision for a long time, if ever).

Only Hirschman would circle the globe and be content to conclude that he couldn’t reach a conclusion—for a long time, if ever. He was a planner who really didn’t believe in planning. He wanted to remind other economists that a lot of the problems they tried to fix were either better off not being fixed or weren’t problems to begin with.

Late in life, Hirschman underwent surgery in Germany. When he emerged from anesthesia, he asked his surgeon, “Why are bananas bent?” The doctor shrugged. Hirschman, even then, could not resist a poke at his fellow economic planners: “Because nobody went to the jungle to adjust it and make it straight.”

While fighting for France during the Second World War, Hirschman persuaded his commander to give him false French papers and he became Albert Hermant. After the country fell to the Germans, Hirschman ended up in Marseilles, along with thousands of other refugees. There he learned that an American named Varian Fry was coming to France as part of the Emergency Rescue Committee—an American group that sought to get as many Jewish refugees out of France as possible. Hirschman met Fry at the train station and took him back to the Hotel Splendide. They hit it off instantly.

Fry had access to U.S. visas. But he needed Hirschman’s help in figuring out escape routes into Spain, procuring false passports and identity papers, and smuggling in money to fund the operation. Hirschman was invaluable. He spoke Italian like an Italian and German like a German and French like a Frenchman, and had so many fake documents—including a card attesting to membership in the “Club for People Without Clubs”—that Fry joked he was “like a criminal who has too many alibis.” Fry nicknamed him Beamish, on account of his irrepressible charm. Beginning in 1940, the Emergency Rescue Committee helped save thousands of people from the clutches of Fascism, among them Hannah Arendt, André Breton, Marc Chagall, Marcel Duchamp, Max Ernst, and Alma Mahler.

Hirschman was as reluctant to talk about his time in Marseilles as he was to talk about the battles he fought in the Spanish Civil War. As a fellow at Berkeley, in the early forties, he was placed in the International House, and the other graduate students urged him to speak about what had happened to him in Europe. “The newcomer sat there,” Adelman writes, “with his handkerchief twisted in his
fingers, nervously waiting for the calls to pass.” Hirschman moved out of the International House as soon as he could. “I couldn’t stand being considered as sort of a wonder of the world or something like that,” he later recalled. “I just wanted to be myself.”

The closest Hirschman ever came to explaining his motives was in his most famous work, “Exit, Voice, and Loyalty,” and even then it was only by implication. Hirschman was interested in contrasting the two strategies that people have for dealing with badly performing organizations and institutions. “Exit” is voting with your feet, expressing your displeasure by taking your business elsewhere. “Voice” is staying put and speaking up, choosing to fight for reform from within. There is no denying where his heart lay.

Early in the book, Hirschman quoted the conservative economist Milton Friedman, who argued that school vouchers should replace the current public-school system. “Parents could express their views about schools directly, by withdrawing their children from one school and sending them to another, to a much greater extent than is now possible,” Friedman wrote. “In general they can now take this step only by changing their place of residence. For the rest, they can express their views only through cumbersome political channels.”

This was, Hirschman wrote, a “near perfect example of the economist’s bias in favor of exit and against voice”:

In the first place, Friedman considers withdrawal or exit as the “direct” way of expressing one’s unfavorable views of an organization. A person less well trained in economics might naively suggest that the direct way of expressing views is to express them! Secondly, the decision to voice one’s views and efforts to make them prevail are contemptuously referred to by Friedman as a resort to “cumbersome political channels.” But what else is the political, and indeed the democratic, process than the digging, the use, and hopefully the slow improvement of these very channels?

Hirschman pointed out the ways in which “exit” failed to send a useful message to underperformers. Weren’t there cases where monopolists were relieved when their critics left? “Those who hold power in the lazy monopoly may actually have an interest in creating some limited opportunities for exit on the part of those whose voice might be uncomfortable,” he wrote. The worst thing that ever happened to incompetent public-school districts was the growth of private schools: they siphoned off the kind of parents who would otherwise have agitated more strongly for reform.

Beneath Hirschman’s elegant sentences, you can hear a deeper argument. Exit is passive. It is silent protest. And silent protest, for him, is too easy. “Proving Hamlet wrong” was about the importance of acting in the face of doubt—but also of acting in the face of fear. Voice was courage. He went to fight Fascism in Spain. It ended in failure. When the Nazis came hunting for the Jews, he tried again. “Expanding the operation meant, increasingly, that Beamish’s work was in the streets, bars, and brothels of Marseilles, expanding the tentacles of the operation,” Adelman writes. “If the operation had a fixer, it was Beamish. It was a role he relished.”

Beamish screened the refugees, weeding out potential informers. He cajoled first the Czech, then
the Polish, and, finally, the Lithuanian consuls into providing fake passports. He made deals with Marseilles mobsters and a shadowy Russian émigré to get money into France. He held secret meetings in brothels. Several times, he was nearly caught, but he charmed his way out of trouble.

When the authorities finally caught onto Hirschman, he escaped across the Pyrenees to Spain on foot, equipped with false Lithuanian papers. On the ship to America, he played Ping-Pong and chess, and romanced a young Czech woman. As Adelman’s magnificent biography makes plain, it was hard not to fall for Albert Hirschman. A colleague from his Marseilles days remembered him, years later, as “a handsome fellow with rather soulful eyes . . . taking everything in, his head cocked slightly to one side. One of those German intellectuals, I thought, always trying to figure everything out.”

- Print
- More

**Share**

Close
- Reddit
- Linked In
- Email

Subscribe now to get more of *The New Yorker's* signature mix of politics, culture, and the arts.