

Albert O. Hirschman

A Key to German History



Born in 1915 in Berlin. He emigrated to France in 1933 and studied economics in Paris, the London School of Economics, and the University of Trieste where he received a doctorate in 1938. He volunteered for the French Army in 1939/40. In December 1940 he left France for the United States where a period of research at the University of California in Berkeley was followed by service in the U.S. Army in 1943-45. After the war, he worked for six years on problems of reconstruction in Western Europe at the Federal Reserve Board in Washington. In 1952 he left for Bogota, Columbia, where he acted as economic adviser and consultant until 1956. He then started on an academic career which took him to Yale, Columbia, and Harvard, and, in 1974, to the Institute for Advanced Study at Princeton where he is now Professor of Social Science Emeritus. Among his books are *National Power and the Structure of Foreign Trade*; *The Strategy of Economic Development*; *Exit, Voice, and Loyalty*; *The Passions and the Interests*; and, most recently, *The Rhetoric of Reaction*. — Address: School of Social Science, Institute for Advanced Study, Princeton, NJ 08540, USA.

When I arrived at the Wissenschaftskolleg for a four-month-stay on October 1, 1990, I had no specific project, for two reasons. First of all, I had just completed work on a book (*The Rhetoric of Reaction: Perversity, Futility, Jeopardy*, published in early 1991 by Harvard University Press) that had taken me five years to write and I was therefore determined to "stop, look, and listen" before plunging into some new large-scale undertaking. Secondly, my stay at the Kolleg marked the first time I returned to Germany for any length of time since I left my native Berlin at the age of eighteen in April 1933, and I wanted to let myself experience the city and country without being too tightly programmed. After a few weeks it became obvious that the experience would be far too fragmentary if it were to be limited to the originally contemplated period and, with the kind agreement of the Kolleg, our stay was extended to last until the end of June, 1991.

Early in the year I collaborated with Juan Linz, Michael Montias and Michael Keren in organizing at the Kolleg an international colloquium on the "Transition from Plan to Market" to which we invited a number of economists and sociologists from Hungary, Poland, and Romania, in addition to several Germans. The colloquium was held in November 1990 and I contributed some remarks on the "problem of sequencing". In view of the fact that a number of urgent tasks await the new political and economic authorities — for example, establishing macro-economic balance, privatization, demonopolization, and restructuring (*Sanierung*) — what can be said about the order in which these distinct tasks should be undertaken? Or is the whole idea of a proper order misconceived and should (can) these tasks be undertaken simultaneously? My earlier work on sequences in economic development, as well as some more recent reflections, permitted me to offer a few suggestions on this topic.

Another problem aroused my interest: in all of Eastern Europe (including the GDR) the industrial structure, as it emerged from the communist era, turned out to be seriously distorted. Heavy and machinery industry had long been given top priority and consumer goods had been neglected. It appeared to me that these complaints about imbalances in the industrial structure were the exact inverse of those that had long been uttered by Latin American economists and intellectuals: In Latin America it was rather the comparative delay in the development of "basic" and machinery industries that was criticized and considered to result in a "truncated" pattern of industrialization. These contrasting complaints made me go back to various critiques of, and anxieties over, industrialization since the times of the Physiocrats and Adam Smith. The result was an essay on "Die vielfältigen Unbehagen in der Industrialisierung — Westen, Osten und Süden" ("Industrialization and its Manifold Discontents — West, East and South") It was presented first in a colloquium on comparative methods in history and anthropology, in December 1990, which was organized by Professors Jürgen Kocka and Martin Kohli at the *Freie Universität*, and then, in a revised form, at the Kolleg-Colloquium in February 1991. It is to be published in *Geschichte and Gesellschaft*. (This is the first time I have written a scientific paper in German since I attended classes at the University of Berlin as a freshman in 1932/1933).*

During the subsequent months of my stay in Berlin until my departure in July, I became increasingly interested in re-interpreting the events of 1989 in the GDR in the light of my 1970 book *Exit, Voice, and Loyalty*. German sociologists and political scientists as well as some American ob-

* See in this volume pp. 212-223.

servers had already used the book's concepts for this purpose, coming to quite different conclusions in the process. Under the circumstances, it seems permissible for the originator of the exit-voice dichotomy to present his own version of how the concepts help make sense of recent events. The purpose of the exercise is not to provide an "authorized" version. Rather, having been away from Germany for well over half a century, I felt that the concepts I had shaped could provide me with a precious point of re-entry. With the help of this key I might be able to open up recent and perhaps more remote German history and also consider, in turn, how much the key itself has to be re-shaped as the result of its encounter with a privileged historical testing ground. I hope to write an essay on this area upon my return to Princeton.

In December 1990, I received an honorary degree (Dr. rer. pol.) from the University of Trier. In June 1991, I gave guest lectures at the Academy of Sciences and at the University of Budapest.