

**Reflections on the Economics Profession, the Neoliberal Conjuncture, and the Emerging
Democratic Crisis: An Analysis in the Spirit of Albert O. Hirschman**

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January 2018

* Remarks on paper prepared for the AFEE-ASE session on “Democratic Crisis and the Responsibility of Economics” at the annual ASSA conference, January 5-7, 2018; Philadelphia, PA. This paper draws on chapters 1-2 of *When Things Don't Fall Apart: Global Financial Governance and Developmental Finance in an Age of Productive Incoherence* (MIT Press, December 2017). I thank George DeMartino for invaluable comments, and Jeff Chase, Denise Marton Menendez, Meredith Moon, Nyambe Muyunda, and Brooke Snowden for excellent research assistance on work from which this paper draws.

This panel comes at a good time. On this and other ASE panels we have much to say about the particular conjuncture—such as how the profession’s neglect of inequality that the neoliberal era produced has contributed to the ethnocentric, nativist, racist, and misogynist backlash that has gathered so much momentum in many national contexts. Many heterodox economists have drawn usefully on Keynes and Marx, and perhaps especially on Polanyi to make sense of this conjuncture. My contribution is to add one more theorist to the mix. In my view, we would do well to take a careful look at Albert Hirschman’s extraordinarily perceptive and prescient work.

Trespassing into Hirschman’s intellectual terrain offers a fresh, useful lens to make sense of the role of the economics profession in the democratic crisis. As many of you know, Hirschman was a prolific economist who worked across broad range of fields and whose thinking broke the mold in many ways. He was open to the ideas of the most heterodox thinkers—for instance, he wrote favorably of Althusserian overdetermination. He also shared with Hayek (and others such as Popper) an appreciation of the complexity of our social world, the limits to its intelligibility, and and relatedly rejected expert hubris and social engineering. Hirschman also shared with Keynes (and Knight) deep appreciation of ineradicable fundamental uncertainty. In all of this Hirschman conceived of the profession in ways that are at odds with professional norms. The cultivated ignorance of our profession puts its legitimacy at peril and imperils societies across the globe.

This week my new book has been released, and it explores Hirschman’s contributions. The book is called *When Things Don’t Fall Apart*. It argues, essentially, that the fracturing of global neoliberalism has generated substantial incoherence in global financial governance architecture and developmental finance. As economists we are all trained to think of incoherence as a bad thing. Economists are trained to expect, discover, and advocate for coherent systems—be it

neoliberalism or other systems. But in the book I work hard to demonstrate that the systemic *incoherence* in global financial governance is to be understood in part as a good thing. I label the current conjuncture as one of “productive incoherence”—where institutional and policy experiments that were precluded by the previous “ism”—neoliberalism, are flourishing, albeit unevenly, across the developing world. I argue that incoherence and ambiguity are emerging at the center of the financial governance architecture—that is, within the IMF. But that’s a discussion for another day.

I want to use my time to explore how Hirschman would have us theorize the culpability of the economics profession in the anti-democratic impulses taking root in so many parts of the world. My sense is that Hirschman would hold the profession accountable for this democratic crisis. Not because he was opposed to this or that particular economic system. But because he was a profound critic of the pursuit of institutional and policy coherence—the pursuit of theoretical purity and the effort to realize that purity in practice. That was the project he closely tied to the hubris of the profession. And it is on the need for humility, patience, and recognition of the epistemic limitations of the profession that Hirschman was most insightful.

1. Hirschman’s Interventions

I’d like to explore in broad strokes three aspects of Hirschman’s critique of the profession, focusing on the most egregious behaviors during the long celebration of global neoliberalism.

Hubris, Epistemic Arrogance, and the TINA (to Neoliberalism) View

A first aspect of Hirschman’s critique centers on the failure of economists to appreciate complexity and the limits of knowledge. This leads many economists to treat nations or subnational units as simple, analytically tractable systems. This epistemic arrogance opens the

door to model building; all encompassing, universalist programs, such as neoliberalism; and rhetorical strategies that sell a single policy regime as the only game in town. The argument against universalism and epistemic arrogance finds an echo in the work of Gibson-Graham, who push back against the academic need for “strong theory,” and in DeMartino’s rejection of the presumption of “knowing too much.” Hirschman’s approach instead was one of improvisation in pursuit of multiple paths, not implementation of a pristine policy blueprint. He favored complexity, messiness, specificity, small-scale experimentation, and contingency in contrast to what he saw as theoretically sanctioned, paradigm-based uniform solutions.

Hirschman’s epistemic and normative views also informed his understanding of social change. He rejected the common tendency to assess *ex ante* the significance of particular innovations and the related tendency to determine in advance what can and can’t work. Hirschman’s commitments led him to embrace the diminutive, which he argued could be the building block of meaningful, path-dependent reform, and widespread change. This thinking was of course ruled out by the hubris and epistemic certainty of a profession that held tightly to the “there is no alternative” (that is, TINA) to neoliberalism view, a view that was backed by political, financial, and sometimes military power. I’ll note as well that Hirschman takes on with great subtlety the diverse ways in which power asymmetries shape policy.

In my view, the chief lesson of the neoliberal era and the crises it induced is not just that it wrought extraordinary harm, that it failed by any honest standards, or that, one policy regime is inappropriate for all contexts. All of these are certainly true. But a critical and often overlooked lesson is that placing just one policy and institutional complex at the center of global governance puts too much demand on it; gives it too much power to shape policy and the preferences of

weak actors; constrains pragmatic adjustments and experimentation; and magnifies the risks of failure. Centralized institutional authority also risks closed-minded, discouraging, dangerous TINA thinking which prevents learning by doing since there's only one principal doer, doing only one principal thing—especially, as is so often the case, when its work is driven by some totalizing ism and backed by power, wealth, and ideology masquerading as economic science.

Attachment to Coherence

A second aspect of Hirschman's critique centers on his deep suspicion of what I have termed coherence, which is predicated on the notion of the social world as a simple social system, where everything fits, and where the structure determines what can and cannot work, what is and is not possible. The economists' attachment to coherence criteria adjudicates the viability of policies based on the degree to which they do or can be made to "fit" into an overarching system.

Neoliberalism appeared to be a coherent system, and one that properly implemented brought myriad, self-reinforcing benefits. Against this attachment to coherence, Hirschman argued that it was imperative to learn from small-scale, gradual initiatives and from multiple examples, to recognize uniqueness and specificity of experiences, and to appreciate the possibility of a great many sequences rather than to seek universal dictates in a reductive theory.

Rhetoric, or How Economists Sell Neoliberalism

A third aspect of Hirschman's critique centers on the mutual distrust between the subjects and objects of economic expertise. Hirschman's distrust of experts stemmed from their hubris, reductionist sensibilities, and the fiction of expert control that enabled them to devise sweeping plans, oversell benefits, and discount the likelihood and costs of failure. Hirschman's conception of the "Hiding Hand" dissects the rhetorical strategies that economists use to sell their plans.

These themes are echoed in other work. The ethical responsibility of the economic expert entails a commitment to what Hirschman termed “possibilism.” Hirschman’s possibilism entails the idea that small-scale, messy, disparate innovations reveal what could be, and what reforms might be available. Central to Hirschman’s possibilism is his humility and his related emphasis on uncertainty. He counterposed possibilism to the predominant “futilism” in the social sciences—the view that any initiatives that were not entirely consistent with the precepts of received theory were bound to fail. Of possibilism, Hirschman famously said: “social scientists...consider it beneath their scientific dignity to deal with possibility until *after* it has become actual and can then...be redefined as a probability.”

2. Hirschmanian Proscriptions

Looking at the responsibility of our profession for the neoliberal revolution and the democratic crisis through a Hirschmanian lens leads me to offer what I term “Hirschmanian *proscriptions*.” These are injunctions against deep-seated academic habits and sensibilities that today infuse the social sciences, especially economics. Most simply put, these proscriptions mean that *we should refuse to know too much and we should refuse to rush to judgment*.

Avoid Damaging Criteria

One category of Hirschmanian proscriptions requires us to reject evaluative criteria that purport to determine *ex ante* or *ex post* whether innovations should be parsed against the standard of whether they are coherent, viable, sufficient, scalable, and significant.

By *coherence* I mean we should not vet new initiatives by adjudicating their viability based on the degree to which they “fit” into an overarching system. Seamless, coherent systems are neither

possible nor ideal. Indeed, they are inherently risky. By *viability* I mean that we should not presume to know whether proposed or existing innovations can exist and survive over the long term, or whether some or all innovations are unviable in the context of pressures from the global economy or powerful actors. Learning happens, Hirschman reminds us, through confrontation with obstacles and failures and not just or primarily through success. Moreover, new capacities, knowledge, networks, and coalitions may be built in the context of innovations, even when they fail to survive. By *sufficiency* I mean we should not be concerned with whether observed innovations are adequate in the sense of addressing global capitalism's full range of challenges. By *scalability* I mean we should not judge innovations against the standard of whether they are scalable and even universalizable, or speculate as to whether they are doomed to remain small, barely surviving, and even then only in the environments where they have arisen. Finally, by *significance of change* I mean we must not impose a "test" of fundamental change, such as whether any endeavor disrupts structural power. With Hirschman, we might recognize that each of these criteria reflects the drive of social scientists to repress uncertainty in pursuit of understanding and, ultimately, control. Far better to intervene in ways that acknowledge the possibility that each might evolve with the effect of addressing pressing problems and deepening capacities, provided they are not strangled by closed mindedness that deprives them of recognition, legitimacy, and support.

Avoid Pre-narrating History

Another Hirschmanian proscription is that we should avoid pre-narrating history. In this sense we must keep in mind the negative nature of Hirschman's intervention—to reject approaches to social science in general and the study of change in particular that presume to know in advance what is and is not possible, viable, and beneficial. We must avoid not just prediction but pre-

narration. If we learn just this much from Hirschman, that we can't tell the history of policy and institutional evolution and social change in advance, we will be better able to appreciate and contribute to projects of economic reform.

Avoid Seeking Purity

A final Hirschmanian proscription is that we should avoid thinking about the design of economic regimes in terms of their fidelity to an overarching model, or what we may think of as the pursuit of purity. I don't want to be misunderstood as suggesting that previous eras were internally consistent or all encompassing. Despite the best efforts of the most committed neoliberal ideologues, for instance, nothing like the neoliberal ideal could or ever did emerge in practice. The range and extent of departures from the neoliberal ideal—such as through bailouts of financial and nonfinancial corporations—reveals that regimes that aspire to coherence are inherently risky and on that account, unsustainable. Moreover, to say that the neoliberal project ultimately failed in its grandest ambitions is hardly to say that it was ineffective in reshaping economies from the local to the global level. The neoliberal ideal was also effective by acting as a dead weight around the ankles of less powerful actors who sought to pursue initiatives that were significantly inconsistent with its dictates.

The presence of incoherence itself does not distinguish the present from the immediate past. What does distinguish the present is the relative absence of a consensus around any unified theoretical ideal toward which the institutions of financial governance are to hew. Today's "post-neoliberal era" is not at all free of neoliberalism—indeed, aspects of neoliberalism appear to be restored with each recent national election—and it is not characterized by an alternative coherent doctrine or a corresponding set of institutional and policy arrangements. Recent political

developments in wealthy economies promise a dangerous mix of neoliberalism and economic nationalism. Hirschmanian sensibilities urge us to recognize the risks of incoherence, while avoiding the deep-seated fastidiousness (among economists) that values order and consistency for their own sake. Legitimate concern over risk should drive the pursuit of a new mindset that focuses on managing risks rather than enforcing conformity.

3. Conclusion

We look out at a world where incoherence and aperture appears everywhere. The present incoherence and is not without risks. But it is naïve to think that coherent regimes avoid this problem. The global neoliberalism that was bought and sold by our profession offered the greatest benefits to the advanced economies, and especially to economic elites and large industrial and financial firms in wealthy and developing economies, despite its purported neutral and fair rules of economic engagement. In this regard neoliberalism exemplifies the kinds of power asymmetries that Hirschman worried about. The point is that the most coherent economic regimes of the past century have arguably been both nationalist (and in the case of neoliberalism, elitist) in substance despite their internationalist form. That said, those advocating Hirschmanian principles can't dodge the nationalist risks associated with a weakening of the authority of the institutions at the center of global governance, such as the Bretton Woods institutions, the WTO, and the UN. Especially today, in the wake of Brexit, the Trump administration, and nationalist parties in Europe, it is not difficult to imagine a de-globalized world of increased autonomy marked by the proliferation of nationalist policies and the deepening of kleptocratic states. It is clear that our profession has much to answer for and that progressive economists have much work to do. In this connection I am heartened in these dismal times by the output of many colleagues and by practical efforts to exploit the fissures inherent in an incoherent global regime.