

Review Article:Albert O. Hirschman: Development Projects Observed,

by Dr. H. W. Singer\*

Professor Hirschman is the surgeon of economic development. His knife flashes, and the inner workings of development projects are laid bare, revealing struggles between sound and diseased cells never dreamt of by the surface diagnostician (he of the cost/benefit analysis and the feasibility study); revealing growths held to be harmless which yet his skill shows to be cancerous and vice versa. Does he sometimes seem to use his knife just to demonstrate his skill to his watching colleagues? Never mind. If he sometimes is a little recherche, it is only a welcome slight correction to the over-simplifications and naiveties of 'straight' project analysis on the one hand, of 'business instinct' or 'political judgment' on the other hand.

This book, which is a natural successor to the author's Journey Towards Progress is derived from a study of eleven projects financed by the World Bank (all but two or three of them 'infra-structural'), spread over all the under-developed continents, including Europe (Southern Italy). Since these projects are not directly described or discussed, it would be misleading the reader to list them here. The author spent 2-5 weeks with each of these projects, in intensive discussion with all those concerned - his own Journey Towards Progress - and the book is based on the notes taken during this circuit.

The motto of this book might well have been "Not the triumph but the struggle". To Professor Hirschman, "all projects are problem-ridden", "all projects are to some extent Trojan Horses" (and be it noted that this is based on a study of projects selected for financing by the World Bank and presumably much above the average standard of pre-investment work). One wonders about the 'all'. There must also be some projects where everything goes according to plan - the whole plan and nothing but the plan (but Professor Hirschman would perhaps retort that these projects for that very reason are not the really important ones which become

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carriers of ongoing development. And this reviewer would be inclined to agree).

This view, that each project is a "voyage of discovery", a "system", a "unique constellation" (all these are key phrases used in the book), certainly is a useful ~~an~~ anecdote to the penny-in-the slot machine picture called forth by the Capital/Output ratio of the Harrod-Domar model, or by its micro-economic counterpart of the Cost/Benefit ratio or Rate of Internal Return. Indeed, this book would strengthen the hand of all those who held that development is much more than just growth, let alone such unidirectional growth as can be measured by the concept of "Per capita G.N.P.". How do you measure the changes in society which are the essence of development, and which may be reflected in per capita G.N.P. either with non-quantifiable impact or time lag, or perhaps not at all?

And not only are projects voyages of discovery, they tend to be voyages of the true Columbus type - setting sail for one destination (perhaps an unattainable one) but arriving in the event at quite a different one (perhaps much more important than the imagined one). This 'stumbling into achievement' is christened by the author as the "Principle of the Hiding Hand". Costs tend to be underrated, benefits overrated, difficulties ignored when a project is embarked upon. This is just as well, for if correct foresight had been present, the project would not have been undertaken. Yet the struggle with the unexpected obstacles and difficulties is precisely what makes the project succeed, and often in ways which could not have been anticipated. Thus the 'hiding hand' providentially turns the private troubles of the project manager into the public blessings of development - and perhaps the private blessing of the project manager himself as well in the end. In Hirshman's skilful hands, the "hiding hand" is made to yield valuable and often surprising insights.

It is strange, however, that an author who is usually so good at pointing out links and analogies between his views and other strands in the development literature should not see that his "hiding hand" seems to be a first cousin to Toynbee's challenge-response mechanism. One would have liked to see Hirschman comment, in the light of his study of the eleven projects, on Toynbee's idea that you need medium-strength challenges to evoke the constructive response; insufficient challenge and excessive challenge are equally useless. Much in Hirschman's analysis makes one feel that he would agree, but how can one define and seek the 'medium-strength' challenge in development projects and what are the kinds of project which tend to provoke the medium-strength challenge? This question should be a congenial medium-strength challenge to the author!

Another analogy to the "hiding hand" is the well-known principle (and an argument often adduced in favour of over-all development planning), that if the planner can persuade all sectors of the economy that the economy is going to expand over the near future by more than it would naturally expand, then it will in fact expand by more than the natural rate (although not necessarily by the target-rate proclaimed by the planner). This is so because the assumption of an expanding economy is to some extent self-fulfilling if universally held and acted upon. This also looks very similar to the "hiding hand": a beneficial over-rating of the expansion (benefits) of the economy (project) - a macro-economic version of the "hiding hand"? However, Hirschman might not agree with this since elsewhere in his book he argues against the 'balanced - growth' type of overall planning.

Hirschman finds that projects tend to run into troubles the more they are "enmeshed with nature" (including people). Yet it is in the nature of development that we must enmesh ourselves with nature (including people). Here we have a fundamental reason why the "good" project - popular with the planner, the designer, the contractor, the consulting firm, the financier, etc. - may not be good for development. An obvious parallel to this is the kind of "good student" who is good at passing exams, but is not necessarily the one who will make the greatest contribution later in life. And here we also have an explanation - as pointed out by the author - why so many projects remain engineering monuments while the real point of the project - the agricultural part - is being lost.

Among particularly interesting insights in the book are the similarities between good project organization and good organization of R & D; the importance of pilot projects; the possible beneficial effects of what may superficially appear as neglect or 'slippages' (really attempts to find solutions more suitable for the factor endowment and circumstances of the under-developed countries than the standards, taken over from the developed countries, from which the slippage takes place); the need for a greater role for social scientists in project design and project appraisal; the pros and cons and the results of "trait-taking" (i.e. accepting the facts of life in the under-developed country and living with them or making the best of them) vs. "trait-making" (i.e. trying to change or mould the present facts of life as of the execution or impact of the project).

On the debit side, it has already been mentioned that on occasion the argument tends to become over-elaborate. For instance, the brief section on corruption (pp.107-112) seems rather forcedly pressed into the framework of concepts developed for other purposes in the author's Strategy of Economic Development. The explanation of the neglect of labour-intensive technologies is rather weak; a lot more could have been said about the many

interlocking biases - ranging from the training of engineers to aid practices and wage structures in the developing countries. (However, one telling hit is scored by Hirschman: he points out that to advise a capital-short, under-developed country to rely on capital intensive techniques or projects is equivalent to advising a young man from a poor family who wants to make his way in life to go and find himself a rich grandfather!) To go as far as to say that "a certain 'unfitness' of the project for a country becomes an additional and strong argument for undertaking it" (p.129) is surely rather heady and dangerous advice, easily taken out of context. Not everybody setting out in the wrong direction is a Columbus!

There is inevitably a strongly eclectic, Beyond Good and Evil, flavour about this book which will be disturbing to the reader who wants clear-cut guidance. "Latitude and lack of latitude can both be valuable". "Imports either stunt or stimulate the local scene;" Projects are characterized by "problems or events" which cannot be "unequivocally classified as qualities or defects". This is probably not a valid criticism since this is in fact the main thesis of the book, and the author is quite conscious of the fact that he offers the reader more of a checklist than a guide to action.

I hope I have made it clear that this is a stimulating and unusual addition to the development literature. To the author, writing this book must have been what he tells us a development project is, a voyage of discovery.

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Professor Hirschman's The Strategy of Economic development was published in 1958 by Yale University Press. (Ed.)