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The Strategy of Expertise: Albert O. Hirschman, Economics and 'Development' in the 1950s

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Albert O. Hirschman (1915–2012) was an economist who was contracted by the Colombian government as an adviser.[1] He was a member of a planning committee set up on the recommendation of the International Bank for Reconstruction and Development (IBRD or World Bank) in 1952. Without knowing much about Colombia, or the newly emerging field of development economics, his stay in Bogotá served him as an "extraordinary tropical greenhouse" for his ideas on development.[2] The mission sent by the World Bank to Colombia after World War II is a good example of how economic expertise as institutionalised transfer from scientific knowledge to the political sphere was installed, even though crucial factors of expertise were lacking. Economic data as a foundation for political interventions in 'underdeveloped' areas were not sufficiently available, and nor was there an understanding of the role economists could play in the planning of 'development'. Despite these difficulties, the lengthy report that was written by the expert mission (1950) illustrates how economists claimed sovereignty of the interpretation of 'development'.

In the following chapter it becomes clear that, on the one hand, a general scientific background as an economist was crucial for engagement as an economic expert in 'development' planning. On the other, practical experience on the ground helped to build the careers of development

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economists. The legitimising function of science and expertise therefore worked both ways. The World Bank's report on Colombia demonstrates why economic expertise in 'underdeveloped' countries was so attractive, not only to the respective country, but also to the World Bank and the economic experts themselves. The case of Albert O. Hirschman is used as an example of how an expert turned his experience into an asset for his academic career.

'Development' experts on the rise

The importance of experts as a phenomenon emerged even before the end of World War II. With the increasing scientisation of the social that can be observed from the nineteenth century, experts became key figures as intermediaries between science and politics. During the economic crisis of the 1930s, economic knowledge—both empirical and theoretical—became increasingly important for state leaders, which led to the rise of economists as experts.[3] Recently established macroeconomic methods such as national income accounting and macroeconomic figures, like the gross domestic product, which were both based on the experiences of industrialised countries had an immense impact on the perception of the universal applicability of economic knowledge. Macroeconomic abstractions generated a homogenous space in which states could be easily compared and arranged in a hierarchy. Economically 'successful' countries thereby increasingly became the norm for worldwide productivity and growth.[4] Global differences in income levels seemed to be easy to overcome with the help of development economic knowledge.[5]

After World War II, the Soviet Union and the United States of America had both become superpowers, competing globally for spheres of influence, and were eager to show the superiority of their respective political and economic systems. In the United States, this ambition found its expression in US President Harry Truman's Point Four Program, which he introduced in his inaugural address on 20 January 1949. The newly elected US president called for a "bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas". He argued that a wider and more vigorous application of modern scientific and technical knowledge would lead to increased production which in turn was vital for "prosperity and peace". 'Development' was thereby put on the international stage. It became a task that was to be jointly faced with the help of newly founded international organisations and no longer a challenge to be tackled by single countries. Furthermore, 'development' was increasingly thought of as a technical problem that could be solved with the help of science and technology, which had to be transferred from the 'modern' parts of the world to the 'backward' areas.[6] In the wake of 'development' "waves of experts" have arrived in 'backward' areas to help them to catch up to industrialised countries since the 1940s.[7] At the same time, the concept of 'development' attracted state leaders of newly established nations in the 'Third World' because of a technocratic and allegedly apolitical approach.

Different interests, one goal

To understand the significance of the mission that was sent by the World Bank to Colombia in 1949, it is important to take into account the political and economic background of the country. On 9 April 1948, the Colombian President Mariano Ospina Pérez (1891–1976) and the president of the World Bank, John J. McCloy (1895–1989), met in Bogotá to talk about the possibility of a mission sent by the World Bank to Colombia with the aim of formulating a development programme. This day became one for the history books, although not primarily because of this meeting. In the middle of the day, the promising left-wing politician Jorge Eliécer Gaitán (1903–48) was assassinated in the streets of Bogotá. The assassination was the sad pinnacle of a bloody clash between representatives and supporters of the two parties in Colombia, the *Partido Liberal* and the *Partido Conservador*, who mutually intimidated their respective opponents with brute force. These events were closely interlinked with *La Violencia*, a period which spanned the years from 1945 through 1964. It was characterised by extreme violence across the whole country between different armed legal or illegal groups, which subjugated territories and killed and terrorised the population.[8] The murder of Gaitán set off the *'bogotazo'* that claimed thousands of lives in the Colombian capital, as well as in other crucial cities throughout the country.[9] Politically, reactions to the assassination strengthened the position of the conservative President Ospina Pérez, who was increasingly turning into an authoritarian state leader.[10] The two parties had established a collaboration in the aftermath of the 'bogotazo', but this had already started to worsen at the beginning of 1949 and had broken up completely by May.[11]

Under a state of siege, the conservative candidate Laureano Gómez (1889–1965) was elected as new president in August 1950. He sought to start a "revolution of order" similar to those of Francisco Franco in Spain and Antonio Salazar in Portugal.[12] In 1952 he tried to carry through a constitutional reform with the aims (among others) of extensively cutting the authority of the Congress, allowing the executive to prepare laws with the help of a 'moral elite', and maintaining press censorship.[13] His aspirations were only ended by the military coup led by General Gustavo Rojas Pinilla (1900–75), who established a military dictatorship in June 1953. The historical and political background was not reflected in the report.

But this, of course, was not why McCloy was in the city. The same day Gaitán was killed, participants of the Ninth Inter-American Conference of the Organization of American States gathered in Bogotá. Latin American governments wanted the US officials to support their ideas of "economic development, industrialization and peaceful social change".[14] The World Bank's vital interest in sending a mission to Colombia was twofold. Although the IBRD was an international organisation, it could not elude the Cold War agenda of the US government, which sought to secure spheres of influence against the Soviet Union, especially in Latin America.[15]

The Colombian government, in contrast, required foreign capital in the form of both foreign aid and foreign investments and Colombia seemed to be a promising environment. Colombian governments had intervened in economic affairs since at least the 1920s.[16] Since the end of the nineteenth century, the country had undergone a massive economic change or—to put it metaphorically—had "jumped from the mule to the airplane".[17]

From 1930 to 1950, 850 kilometres of roads were built per annum. By 1950 21,000 kilometres of highways had been created. Moreover, in 1945, the liberal President Alfonso López Pumarejo (1886–1959) had carried through a constitutional reform that increased state interventions in the economy.[18] These circumstances also attracted private capital from the US market looking for the possibility to sell industrial goods and buy raw materials.[19] Colombia therefore had a history with 'development'.[20] In addition, like the whole Latin American continent, the country already had a history with experts—both foreign and domestic—reflecting the conviction that had prevailed since the late nineteenth century that social problems could be solved through technology and science.[21]

In sum, many actors had an interest in the installation of expertise in Colombia after World War II. The presence of an international organisation such as the World Bank had a legitimising power for the Colombian government. It signalled that the country could hope for financial support and to attract more foreign capital without having to fear any outside interference in national politics.[22] For the World Bank, Colombia was a laboratory for gaining information on a country and drawing up a 'development' programme.[23]

The report *The basis of a development program for Colombia* (1950)

When the Colombian government invited the World Bank's mission to study the country's conditions and the possibility of a development programme, the international organisation entered new territory. In the preface of the report, the mission's head, Lauchlin Currie (1902–93), pointed out that they did not have many role models.[24] In fact it was the first mission of this kind to be sent out by the World Bank. The staff of the mission, which arrived in Colombia in July 1949, consisted of 16 members who were supported by 16 "Colombian advisers to the mission". From July to November 1949 members of the mission travelled the country, collected data and interviewed relevant actors. *The basis of a development program for Colombia* was published in 1950.[25] The report of over 600 pages was divided into two parts, "The Problem" and "The Program", both analysing several aspects such as agriculture, industry and fuels, surface and air transport, health and welfare, electrical power, housing, education and training, money, banking and the capital markets, foreign trade and exchange, public finance and administrative reforms.[26] Along with the report, the mission published a summary of 100 pages as well as a technical appendix.[27]

According to the experts, "piecemeal and sporadic efforts" were not sufficient. During the mission's work for the report, they had observed again and again that the improvement of one sector of the economy was not possible because it was dependent on another sector, which in turn was linked to improvement in government administration and so on. They therefore called for simultaneous measures in the entire economy and recommended a "generalized attack throughout the whole economy" to break the "vicious circle of poverty, ignorance, ill health and low productivity." They claimed that the process of economic development would then become self-generating.[28]

The authors did not rely on development as a naturally and historically evolving or a self-regulating process, rather believing it to be an actively initiated operation. Although the mission warned that not all problems could be solved immediately, they were convinced that they could "make substantial progress toward a much stronger, better balanced, more productive economy in Colombia and a fuller, healthier, more comfortable life for its people."[29] At the end of the report the authors summarised what they hoped to have accomplished through the programme within a five-year period.[30] They pointed out that the process of development would and should entail social change but that it was supposed to be gradual and evolutionary. Consequently, the program of the mission did not call for any drastic changes in the political, social or economic organisation of Colombia.[31]

The programme the mission proposed was described by the authors as an integrated and comprehensive one. The report also aimed to educate public opinion and emphasised the importance for the Colombian government and people of understanding why engaging in this kind of development was desirable. The World Bank experts argued the country had great "potentialities for development" and was "presented with an opportunity unique in its long history." The existing natural resources could be made productive with "modern techniques and efficient practices." If Colombia made such an effort, the mission stated, it would not only "accomplish its own salvation" but also be an "inspiring example to all other underdeveloped areas of the world".[32]

It seemed the concept of 'development' first and foremost made an offer of a promising future which could not be declined. The authors stated that their analyses and recommendations would have served their purpose "if they succeed in stimulating Colombians to think in terms of the whole economy, to take advantage of the experience of other countries and adapt that experience realistically to Colombian conditions, and on that basis to formulate a sound and internally consistent program of development".[33] However, the report also pursued further objectives, which will now be discussed.

The experts stressed that the report was to be read as a "working paper" that should help Colombians "to frame for themselves a sound, balanced, adequately detailed program of economic development"[34]. It did not mean, however, that the report was supposed to be used as a basis for discussion of different options, but rather as a 'guide'. Consequently, it was thought of as a blueprint for a 'development' plan. This also became apparent in the instructions that were made in the preface regarding the audiences of the report, namely Colombians who were well informed about their country, the general public, technicians and "foreigners" with little knowledge on Colombia. The challenge, according to the authors, had been to properly speak to each of these groups and they therefore published the summary and the technical appendix as well as the comprehensive report.

This was a good way to serve different interests. It provided foreigners—and therefore foreign experts like foreign investors—with what was assumed to be relevant knowledge about Colombia and the World Bank view on 'development'. Future diverging views would have to be established against this perspective. The technical appendix of 168 pages contained 40 tables on the national income and respective explanations on the data, the estimates and calculations. It was one symbol of the scientific foundations of the report. With the publication of the summary the authors could themselves determine which 'lessons' the Colombian government and other interested readers should learn. The prefaces of both versions stated that "more extensive descriptive material, technical analysis and explanation of the recommendations" was to be found in the report.[35] This formulation suggested that it sufficed to read the summary and that studying the conditions in Colombia had produced quite simple policy recommendations rather than ambiguous knowledge allowing various interpretations.

Given the experimental character of the economic mission and the lack of economic data, the report also had the function of producing the appearance of scientificity. This was important not only vis-à-vis the Colombian government but also vis-à-vis competing 'development' institutions, such as the United Nations (UN). It was crucial for the newcomer to gain authority and receive acknowledgement. Eugene R. Black (1898–1992), World Bank president since 1949, praised in his accompanying letter to Ospina Peréz the mission's members as a "competent group of independent experts" that had provided an "objective, unbiased analysis". He invited the Colombian government to study the report carefully from a likewise "objective, nonpolitical standpoint".[36] This invitation obviously referred to the difficult political circumstances in Colombia, where democracy was at risk, and the social and economic structure was shaped by a high degree of inequality and by oligarchical patterns. But this framing also endeavoured to present expertise in Colombia as the possibility to make policy above politics, and to make the approach to 'development' pursued by the World Bank in the 1950s a technocratic, seemingly apolitical affair.

In addition, the focus of the mission was predominantly an economic one. The authors called themselves an "economic mission", headed by Currie, a Canadian economist.[37] In 1967, he recalled that he "just assumed that it was a case of applying various branches of economics to the problems of a specific country, and accordingly I recruited a group of specialists in public finance, foreign exchange, transport, agriculture and so on".[38] Specific knowledge related to a certain topic (such as highways) or a special field (such as health) was subordinated to an economic meta-perspective on 'development'. Discussion in the report made apparent the main task of the mission, namely raising the standard of living.[39]

The authors acknowledged that the standard of living could be discussed on various levels, but noted that they had decided not to take "race, culture and history" into account in favour of a focus on "matters of a much more practical and immediate nature". In addition, the authors stated that the standard of living could not be conceived as having measurable components. However, they felt "on safe ground" by regarding the components of the standard of living as "the consumption of food adequate for nutritional purposes, the enjoyment of sufficiently good health to permit a sense of physical well-being, the possession of adequate housing and clothing, and the opportunity for some leisure and amusement". Therefore, the standard of living was dependent on the "productivity per capita", the "distribution of the output of goods and services as between consumers' and producers' goods" and the "distribution of income and consumption among the people".[40] Most importantly for the standard of living, however, was productivity, they emphasised; the importance of income distribution often was "exaggerated".[41] Whether or not this was standard economic thinking, it was opportune for the World Bank to neglect a political aspect like (re-)distribution. Increasing the standard of living, which was admittedly an ambiguous and open concept, became a matter of raising the productivity per capita.

How could this be measured? A programme aimed at the improvement of the "economic position" of Colombia had to present its findings in as quantitative and specific terms as possible, the authors claimed. In light of this, they tried to calculate the national income of Colombia. National income accounting was perceived as a method by which to see the economy as a whole, which in turn was regarded as the prerequisite for intervening in the economy. But the inventors of national income accounting, Simon Kuznets and Richard Stone, never thought of this method as a standardising one, or as enabling the comparison of different countries in different times, "because the concepts did not necessarily fit all economies in the same way and so their measurements would not be comparable".[42] Nevertheless, the World Bank mission tried to read the Colombian economy with the help of national income accounting. According to the World Bank's experts, national income statistics were important in an underdeveloped country to indicate not only the value of goods and services at hand but also the increases in productive efficiency. It was "simply the broadest kind of measure of the average productivity of the labor force".[43] The standard of living was thus expressed in a single allegedly conclusive figure. Not only did the experience of industrialised countries serve as the blueprint for the economic 'development' of Colombia, but their methods, which were based on European and US social structures, such as the family as the smallest accounting unit, were used as if they were universally applicable and reproducible.[44]

The mission acknowledged the importance of sectors other than the 'purely' economic ones, like health and education, which were also seen as an issue for apolitical expertise.[45] These aspects were depicted as important components for raising the productivity of the workforce and—at least indirectly—as economically profitable.[46] But the World Bank rejected the idea of investment in those sectors. Shortly after the publication of the report, when Currie asked his World Bank liaison, Robert Garner, to invest in the educational and health sector in Colombia the latter answered: "Damn it, Lauch. We can't go messing around with education and health. We're a *bank*!"[47] The World Bank's motivation was investing in 'profitable' projects.[48] The objective was to work on its "reputation for hard-headed banking and disinterested expertise".[49]

Nor did the authors deny the role of cultural and social factors in the 'development' process. But the underlying conviction was that once economic 'development' was achieved, the rest—social, political and cultural 'development'—would follow suit and automatically lead to the desired adjustments in 'backward' societies.[50] This notion can be illustrated by the report's discussion of the Colombian workforce. The mission emphasised that the Colombian workers lacked "strength, capacity and desire to work" due to bad health, unbalanced diets and, as a result, low life expectancy. In addition to illiteracy and insufficient training these deficiencies kept productivity low. The mission also identified a "defeatist attitude in the feeling that it is hopeless to try to improve the lot of certain groups" as one of the main obstacles to increasing levels of productivity and therefore standard of living.[51] Higher payments for the workers, for example, would only lead to less work. The mission therefore recommended, for example, experimenting with the length of the workday, taking care of balanced nutrition, and fostering piecework rate methods of payment in order to overcome the deficits. The conviction was that through economic investments in institutions like plants, the growth rate of Colombia would be increased, as well as the 'modernisation' of its workforce.[52] In sum, Colombian workers were expected to adopt the attitudes, practices and lifestyles of 'modern' countries.

The report and the corresponding collection of data presented the international organisation with the possibility to gain further information on the Colombian economy, for example for the attraction of foreign capital.[53] In this regard, the report of the World Bank was a symbol of trustworthiness for potential investors of foreign private capital, just as central banks had been a few decades earlier. The elaboration of the report also helped the World Bank to serve its purpose as a bank, namely to identify projects to invest in. This became apparent shortly before the mission's report was published, in August 1950, when the World Bank learned that the Colombian government had asked the Bank of France for a loan of $25 million that was supposed to be invested in an iron and steel plant. However, the mission had opposed this specific project and favoured the construction of smaller iron and steel plants, with lower costs. The IBRD officials immediately let the Colombian government know that this was a violation of their contract and they expected it to refrain from any further action. The World Bank was obviously afraid to lose investment projects to other institutions.[54] The intervention also shows that the World Bank wanted to protect its authority as an institution that gave expert opinion. In addition, from the Colombian point of view, the report might have had advantages since 'development' schemes also served to make societies "legible" and consequently easier to govern.[55]

The experts indicated that the most difficult decision in the formulation of a development programme was the allocation of financial resources. As a result, they chose to present the size and composition of the investments in quantitative terms, i.e., a fixed amount of investment capital for each sector such as transport and mining. The readers of the report were thus presented with single figures as results of lengthy and complex calculations that very few of the readers could understand, double-check or modify. The experts also emphasised that the data on important aspects of the report had been difficult to acquire. During the preparation of the mission's work, the World Bank sent a questionnaire to the Colombian government that lacked answers on many points, listing the remarks "no data available" or "sketchy data".[56]

In addition, the available economic information was often fragmented. In the preface to the report they stated that "the statistical data with which we have had to work have sometimes been incomplete, unreliable or insufficiently detailed".[57] As a result, the authors demanded the establishment of a commission of economists, statisticians and accountants to further elaborate the economic data as a basis for development planning within the government.[58] They thereby assigned the Colombian government with one of the most important tasks of the 'modern' state: the collection, processing and interpretation of statistical data, which was perceived as crucial for the state to observe and analyse the economy and to intervene when and where needed. Moreover, it made foreign expertise in Colombia inevitable. Due to the lack of "Colombian economists and statisticians well trained in quantitative and analytical economics", the mission concluded, "foreign experts and advisers" should be recruited "to work alongside Colombian technicians". Here, the term "expert" was used as a marker of hierarchy.[59]

In this context, it is worth having a look at the roles to which experts were appointed. Even before the publication of the mission's report and recommendations, the Colombian government established a nonpartisan commission to study the report and make adequate recommendations for its further use. Besides, it decided to build on expert assistance for reforming governmental organisation and administration.[60] With regards to any planning or advisory agency, the mission cautioned, "the quality of its advice to the President and the nature of its contribution would depend on the technical efficiency of its staff and the soundness of judgment of the person or persons heading the agency." The statement made apparent two features of expertise. On the one hand, it relied on scientific knowledge and the policy recommendations drawn from it. Without being perceived as the carriers of scientific knowledge, experts would not have the legitimacy to consult with policymakers. On the other hand, it took more than this to gain authority. So-called soundness of judgement was a vague criterion of quality that could simply mean that the influence of the expert depended on how he got along with the policymaker. In the case of Colombia, the mission's experts gained a large part of their authority from having been sent by the International Bank. Moreover, the mission's (exclusively male) members were all representatives of industrialised, 'modern'—and thus successful—countries.

In the letter that the World Bank president wrote to the Colombian president, he offered further assistance in the "execution of Colombia's development program, through technical and financial assistance or by other means".[61] The World Bank recommended Albert O. Hirschman as a foreign expert.[62] He joined the *Consejo Nacional de Planificación*, which consisted of its president Emilio Torro, and his advisers Jesús María Marulanda and Rafael Delgado Barreneche. The committee was under the Colombian government and had the task to "prepare a broad platform for economic and social development for the country, mediate between different positions in civil society, and filter requests presented to the president".[63] Many years later, Hirschman recollected his lack of awareness "that this was a rather unstable government, one that had an increasingly bitter civil war on its hands, and would indeed be overthrown by a bloodless golpe [coup]".[64] Apparently, for the Colombian government it sufficed that he was recommended by the World Bank and that he was an economist who had already been part of the renowned institution Board of Governors of the Federal Reserve System.

Hirschman worked as a foreign expert under the Colombian government from 1952 to 1954. It was not a satisfying experience for him but rather an exploration of the policy-making process, to say the least. He repeatedly reported to his World Bank liaisons that it was not possible for him to work with other experts since their approaches differed too much. But he also complained that the planning commission he worked for did not function and that the president barely wanted to be advised on 'development' issues.[65] In 1957, Hirschman wrote about the challenges faced by "economists and other social science 'experts' who are sent on foreign assignment" and noted that "the whole tale here is in terms of personalities and of human passions, frailties and frustrations which the experts, once they are 'back home' are liable to forget as easily and completely as physical pain".[66] His own memory, however, worked well and he tried to save other experts from the pain he had experienced. In subsequent years, Hirschman not only reflected at length on his experience as an adviser, and the role economic experts could play in development planning, but also generalised the observations he made in Colombia.[67]

A Chinese paper flower from Colombia

When asked about his theorising after his practical experience, Hirschman recalled in an interview in 1988: "I have always started my books with one small beginning, with one kind of insight perhaps, which I felt was worth exploring and which opened up a little bit like a Chinese paper flower that you put into water."[68] The first opportunity to share his thoughts after having spent two years as economic adviser in Colombia was a conference at the Massachusetts Institute of Technology (MIT) on "Investment criteria and economic growth" in 1954.[69] The aim of this seminar was to "explore the degree to which economic theory can be of help to the development planner faced with choices of investment alternatives", as the director of the MIT Center for International Studies Max F. Millikan (1913–69) pointed out in the preface to the corresponding volume. He admitted that so far there was no conception "about the relevance of economic theory to the practical problems" in "underdeveloped" countries.[70] The conference also demonstrates how the social sciences were influenced by the foreign political agenda of the United States, and that a "set of complex, shifting relations" existed "between the academic social sciences and the various kinds of knowledge and theory that circulate within the world of development".[71]

Hirschman presented a paper with the title "Economics and investment planning: Based on experience in Colombia". In his eyes, a task shared between politicians and engineers on the one side and economists on the other would be the most efficient. He thereby signalled that the dominant group of experts were now the economists, and no longer the engineers.[72] Moreover, he indicated that the division of labour would be difficult, "not only because the economist naturally partakes in the universal desire for power and finds it difficult to admit that there are limits to his prowess, but also because he is usually endowed with more literary ability than the engineer".[73] In addition, politicians wanted to receive scientifically based planning decisions. This combination would result in the fact that economists would be chiefly responsible for formulating development plans, thereby producing the illusion "that economics as a science can yield detailed blueprints for the development of underdeveloped countries".[74] He found it important to answer the question of how economists could translate theory into practice, which in his eyes was only fair to the public, as economists held crucial positions in state administrations, but also to the economists themselves. In the remainder of this chapter I will show how the experience of an expert could serve as a kind of negative foil for the formulation of 'rational' criteria for investment decisions and abstract generalisations about the process of economic 'development'.

Hirschman acknowledged the helpfulness of the newly developed economic aggregates such as the national income, the propensity to save, and capital-output ratios in determining some basic economic policies in 'underdeveloped' countries. But he also criticised these data, saying they were not sufficient for the practical planner, whose task it was to identify the composition of the investment and not only the size. He then cited a UN report in which the economists in development planning were assigned "to soak themselves thoroughly in the facts of each particular case and then use their best judgment as to what will be the most desirable directions of the movement". This seemed to be too much of a *carte blanche* to him. He attacked this statement with the words of another contemporary critic: "the underdeveloped countries are thus cast in the role of 'inanimate materials' which are to be given shape by the 'intuition of the artist-planner'".[75] The economic expert was a "high-level messenger boy". Once a priority investment area was identified, such as electrical power, engineers would be engaged to draft a plan for—say—the expansion of power-generating facilities. The economist would review this plan and relate it to economic figures such as the national income and total investment and usually approve it since it was "sound and bankable".[76]

In addition, integrated development planning as favoured by Currie and the World Bank in Colombia was something that should be reconsidered, in Hirschman's eyes. First, the economist on the ground would do nothing more than extrapolate existing patterns rather than working out new ones, because the areas of priority for investments were not somehow hidden but very obvious. Second, he claimed that, according to economics, valid investment decisions would have to be based on the question of whether "the last million pesos of scheduled expenditures on education will have approximately the same impact on the growth of the national product [...] as the last million pesos to be spent on transportation".[77] But Hirschman was convinced that economists were only able to state the importance of both types of investment. According to him, the definition of the size of investment was simply based on "common sense" and made "intuitively and arbitrarily". Furthermore, the figures used for the investment pattern lacked "reality content" since some of them were purely guessed or extrapolated from the past.[78] In sum, he thought that "the neglect of the search for a body of principles and meaningful generalizations which would permit the economist to be concretely helpful in the location and elaboration of promising, specific investment projects", as well as all-encompassing development plans, gave rise to an "absurd conception of the role of the economist engaged in development planning".[79]

In his opinion, the only criterion that already existed in economics was "capital extensiveness", i.e., the question of whether money, which was very scarce in underdeveloped countries, was spent irresponsibly and on risky projects. However, he developed further criteria based on his observations of the different degrees of maintenance of airports, railroads and highways in Colombia. Whereas many planners thought that development projects would be more successful the less they had to be maintained, Hirschman turned the tables and asked why airports were much better taken care of than highways. In his eyes, the infrastructure was maintained depending on the dangers in case of its deterioration and the costs involved.[80] He had also observed that many industries worked well technically but not administratively. Therefore, according to him, the investment projects that should be selected were those where, for instance, the low quality in accounting and training of the workforce had no major consequences and a lack of maintenance was penalised.[81] Moreover, Hirschman identified the impact of industrial projects on primary production as another criterion. He argued that the usual advice to underdeveloped countries to build their industry based on their own primary production was not always the right one. In reality, Colombia, for example, had industrialised with imported materials, which had then induced further investments that led to a domestic production of the required inputs.[82]

Besides this contribution to a more effective use of economists in the planning process, Hirschman further commented on "biases in the determination of high-priority areas". His remarks point to an important feature of expertise: that both decision-makers and economic experts are interested in the maintenance of expertise. Although the selection of a high-priority area was not much of a problem because of its visibility, the economist, according to Hirschman, has to be aware of different objectives that are linked to investment projects. Democratic governments tended to distribute money as equally as possible between different regions of the country, even though it might not be justified. Authoritarian governments, which he called "strong" governments, were most attracted by projects that made 'modernisation' visible and at best could be inaugurated. The economic planner, according to Hirschman, tended to have the same interests as the latter, since he wanted to leave a mark, which was more possible with large infrastructure projects than with training programmes. He addressed lending agencies, i.e., the World Bank, and stated that this approach was in line with their reasoning to look for "short cuts to development" which they thought to have found in such "steel-and-concrete" projects. He allotted to the economist the role of a supervisor who had to calculate the self-interests of the different agents, even of the economic experts themselves, and who should try to make decisions based on abstract criteria such as those he worked out.[83]

In "Economics and investment planning" Hirschman reflected on decisions that were already made and that he had observed. His thinking about criteria signifies not least that they were missing in the practice of 'development' planning. His thoughts on the decision-making process expose the pitfalls of expertise, and more precisely the pitfalls of human pride shared by experts and international organisations that favoured visible and prestigious projects. But it also tells us something about the kind of knowledge that was regarded as substantial for a rational decision-making process.

Hirschman never worked as an expert again but pursued a successful career as a professional social scientist and a "worldly philosopher" as his biographer, Jeremy Adelman, aptly put it. But in the immediate aftermath of his stay in Colombia the kind of occupation he would have could not be foreseen. His abstractions can thus also be understood as effort to prove his ability to condense theory from practice as a strategy to claim superiority compared to other experts. By demonstrating a more profound understanding of "how and why something worked as it did", i.e., producing and having available knowledge that went beyond the knowledge "of how to do something", he could stand out against experts who only had specific knowledge.[84] By raising research questions and formulating hypotheses, Hirschman contributed to increase trust in the group of development economists who had to prove that they had the knowledge required to make investment decisions—at least in theory.

After working for two further years in Colombia as a private consultant, he received an invitation to spend one year as a research professor at Yale University where he further elaborated the ideas outlined in "Economics and Investment Planning" and wrote *The strategy of economic development* (1958), which is mostly known as an attack on the then existing development literature.[85] He particularly disagreed with the "big push" theory of Paul Rosenstein-Rodan (1902–85), who advocated the principle of balanced growth, i.e., simultaneous investments in all economic sectors. This approach also had been chosen by Currie in the development programme for Colombia. In contrast, Hirschman formulated his theory of "unbalanced growth", according to which the investment in one sector would result in sequential investments in other sectors. He advocated a pragmatic and flexible slant instead of a comprehensive method, which he thought was too unrealistic in a setting where politicians, officials and foreign experts had to work together. He believed that the resources and elements required for 'development' planning were already in place. In contrast, the World Bank had formulated prerequisites that needed to be fulfilled before 'development' planning could even start.[86]

The strategy of economic development made Hirschman one of the best-known development economists on the planet. Since development economics was a young sub-discipline during the 1950s, the academic field was still relatively open and thus an increasingly competitive knowledge market, as the historian Michele Alacevich has pointed out. It was important to gain recognition and legitimacy as a development economist and to build a theory of one's own. However, the differences between the various approaches were, in practice, considerably smaller than they were painted in theory.[87] Hirschman's theoretical stance helped him to achieve a reputation as an economist and granted his book the status of an "old warhorse", as he once called it.[88] As Adelman has indicated, timing was one favourable factor for the success of this study, given that it was published when modernisation theories began to be criticised. It offered a "dissent that was still sympathetic to the power of market forces" and an alternative to extreme perspectives such as Marxist ones. The book therefore "became an instant landmark".[89]

Hirschman saw development economics as a newly emerging field that he wanted to contribute to, since "like the underdeveloped countries themselves, it must learn to walk on its own feet, which means that it must work out its own abstractions", as he pointed out in the preface. He admitted that *The strategy of economic development* was characterised by "overgeneralization and underdocumentation". But he argued that any theory was built on a few observations and that the formulation of hypotheses was more important for the formation of development economics than the lack of data. He was convinced that "Hypotheses beget data", and he explicitly hoped for the empirical examination of his theories by others.[90] In the preface to the paperbound edition of *The strategy of economic development* from 1961, it became even clearer that Hirschman wanted to position himself as an economist in the academic sphere and no longer as an expert in the political realm. He reported that one of his friends in Washington who had read the manuscript told him he did not want to see it distributed beyond a circle of "a few sophisticated officials and experts directly concerned with economic development".[91] Hirschman soothed his friend and assured him that due to the scientific style, namely the "technical writing and numerous footnote references", the scope of readers would certainly be limited.

But during the three years between the publication of the first edition and the paperback version Hirschman's work had already become widely acknowledged and discussed. In contrast to the preface of the first edition, he now emphasised his agreements with those authors he had used as his "adversary-helpers" in formulating *The strategy of economic development*. He not only approved the argument of the theorists of balanced growth, i.e., that investments in different sectors were interrelated, but also underlined that all he wanted to achieve with his approach of unbalanced growth was to have a closer look at the "economic development nuclei" as in an atom. According to Hirschman, in hindsight, the nuclei seem as though they have always been assembled when in fact the nuclei were built through an "unbalanced growth sequence [...], by accident, instinct, or reasoned design".[92] The reinterpretation of his contribution to the field made it obvious, as he stressed himself, that he never wanted to argue against 'development' planning in general.[93]

Finally, it can be noted that in 1958 he referred to several mostly well-known economists who had discussed the ideas behind *The strategy* *of economic development* with him but who were not engaged in development economics.[94] Hirschman thereby demonstrated his connection with the academic field of economics, just as in his hint that parts of his book were published in renowned economic journals and a volume resulting from a conference at the MIT. He also pointed out that his views were in accordance with Latin American social scientists, who also disagreed with the existing dominant opinions on the process of development and believed in neither prerequisites for growth nor balanced growth.[95] The message was that he was backed up by scientists 'on the ground' who knew best about the problems with 'development' in Latin America. In the 1961 preface, Hirschman changed course. He appealed to other authors in the field of development economics whose argumentation coincided with his, and mentioned recently published studies of development economists and an examination of the sub-organisation of the UN, the Economic Commission for Latin America. He thereby indicated his belonging to an academic field.

Conclusions

The report *The basis of a development program for Colombia* is representative of an approach to 'develop' 'backward' countries after World War II. As we have seen, the 'development' programme had served many different interests. Besides pursuing economic interests, the report also had 'symbolic capital' and signalled the trustworthiness of the World Bank as an institution and of Colombia as a promising investment environment, through a seemingly scientific altercation with Colombian 'development'. Even though the mission emphasised the relevance of cultural and social factors in the 'modernisation' of Colombia, the report convincingly argued for a focus on raising productivity per capita as the most crucial and influential task.[96] The authors also established foreign expertise in Colombia. For the World Bank's later chief economist, William Easterly, the World Bank mission in Colombia was one step in the creation of "the tyranny of the experts". According to him, it was characterised by authoritarianism instead of liberalism, an ahistorical perspective on the respective countries and "a conscious design of development by experts instead of spontaneous solutions by individuals" which had pervaded since the 1950s.[97]

'Development' economic expertise, however, involved many gaps. Not only was there a lack of the data required to see a 'picture of the whole economy' but also there was no clear responsibility for economists in the 'development' process.[98] Hirschman experienced this shortage when he worked as an expert in Colombia before becoming one of the most renowned 'development' economists in the 1950s. The problems he had faced in advising the Colombian government can also be explained by the gap between the technocratic and scientific discourse of development, which the mission's report had established, and the practice of an economic expert who had to deal with political preferences and decisions that for the most part were not based on "rationality". His wish to make investment decisions along "rational" criteria was rooted not only in his attempt to establish himself as a development economist contributing to a new academic field, but also in his aspiration to make economic 'development' work as a policy field. In 1957, Hirschman wrote: "We can help underdeveloped countries to understand themselves and their experiences".[99] After having undergone the difficulties as an expert on the ground, his theorising was also an attempt to understand his own experience and to make use of it for his own strategy as an economic expert and, moreover, as a 'development' economist.

References

1 For a detailed description and analysis of Albert O. Hirschman's life and work, see Jeremy Adelman, *Worldly philosopher: The odyssey of Albert O. Hirschman* (Princeton 2013).

2 Luca Meldolesi, *Discovering the possible: The surprising world of Albert O. Hirschman* (Notre Dame, IN 1995), p. 44. Meldolesi argues that in Colombia Hirschman further elaborated some of his ideas that he had developed when working with the Board of the Governors of the Federal Reserve System in Washington and dealt with the European Recovery Program.

3 For the example of Germany see J. Adam Tooze, *Statistics and the German state, 1900–1945: The making of modern economic knowledge* (Cambridge 2001); Alexander Nützenadel, *Stunde der Ökonomen: Wissenschaft, Politik und Expertenkultur in der Bundesrepublik, 1949–1974* (Göttingen 2005); Tim Schanetzky, *Die große Ernüchterung: Wirtschaftspolitik, Expertise und Gesellschaft in der Bundesrepublik, 1966–1982* (Berlin 2007). For a short overview on economic expertise, see Anna Barbara Sum, "The