

COMMENT

Remembering Hirschman

SHAPING WORLD

VIEW: The late economist's ideas are relevant today

A MAN I never met before passed away earlier last month. Although I only knew him through his writings, such as his astute insight and intellectual integrity that I felt I owed him a profound debt of gratitude. And I deeply mourned his passing.

Dr Albert O. Hirschman was most famous for his book, *Exit, Voice and Loyalty: Response to Decline in Firms, Organizations and States*, published in 1970. I first read his book more than 30 years ago but its messages remain fresh and helped to shape my world view until today.

Over the years, I have devoted at least two columns to his ideas and how they might lead us to understand what is happening to this country. I have conducted spirited

conversations with like-minded Malaysians and now, more than ever, I am convinced of their relevance for today.

Hirschman was a development economist but to me, he was first and foremost an observer, then a thinker and then a theorist. I have tried to follow in his footsteps and to make the facts fit the theory and not the other way around.

In *Exit, Voice and Loyalty*, he noted that when people were discontented with something, they did one of two things.

First, they withdrew their support. They did not seek to change things but chose simply to opt out or chose a competitor. He called this exit.

Second, when people did not like a situation, they complained, protested and acted. In doing so, they tried to change things. He called this voice.

Loyalty modified the urge to simply "cut-and-run" and to "stand-and-fight" for a better future. It ensured that a country or corporation is not merely a collection of individualistic interests.

Hirschman argued that these three simple concepts could have the most far-reaching consequences for any kind of organisation, whether a company or a country.

He has used this framework to examine the effects of human migration, the consequences on public education, upward social mobility and the role of management on employees and investors.

To me, however, the greatest implications of his work are on the understanding of the governance of a country.

A country where exit is the primary response to disgruntlement is doomed to eventually fail. If a country's brightest, most dynamic, creative and forward-thinking are enticed away or driven away, those who remain behind are, by definition, going to be unable to engineer and respond to change.

They are going to be the less capable, the least progressive but, at the same time, the most demanding and violent. Many developing countries face this dilemma.

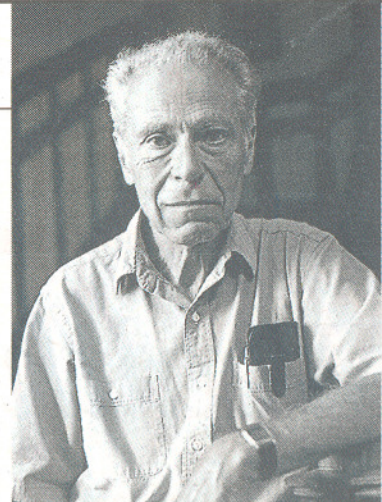
Some leaders, in fact, have deliberately forced out large segments of their population so as to reduce opposition to their regimes.

Not only will quality suffer but the decisions made at the national level will tend to be poorer. They will be geared to the interests of certain segments of the public instead of the nation as a whole. Economic and social polarisation often result.

A country where voice is the dominant form of protest has a more optimistic future. Here, however, the danger may be one of too many discordant voices and of pulling in different directions.

In the short-term at least, the many conflicting viewpoints may make it seem that chaos is an inevitable outcome. But this is not the case and we do not have to look far to see examples. Some of our closest neighbours have experienced wrenching political change and still managed to emerge the stronger for it.

Perhaps the most problematic concept is, as Hirschman astutely realises, that of loyalty. Inherent in this is the belief that although some mistakes may be made by a



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Steven CM Wong is senior director, ISIS Malaysia

government, the number of right decisions will eventually outweigh the wrong ones.

The danger arises when adherents insist, in the face of contradictory evidence, that everything is fine and ignore the obvious signs of decline. This may lead them to try and suppress both exit and voice supposedly in the interest of achieving national unity and harmony.

As we head into 2013 and beyond, my hope and prayer is that Malaysians will be able to recognise the nature and intimate balance needed among all the three facets of exit, voice and loyalty in this country. A very great deal is at stake.

A very Happy New Year to all readers.

➔ steve@isis.org.my