Development Projects Observed (A Brookings Classic)

Albert O. Hirschman
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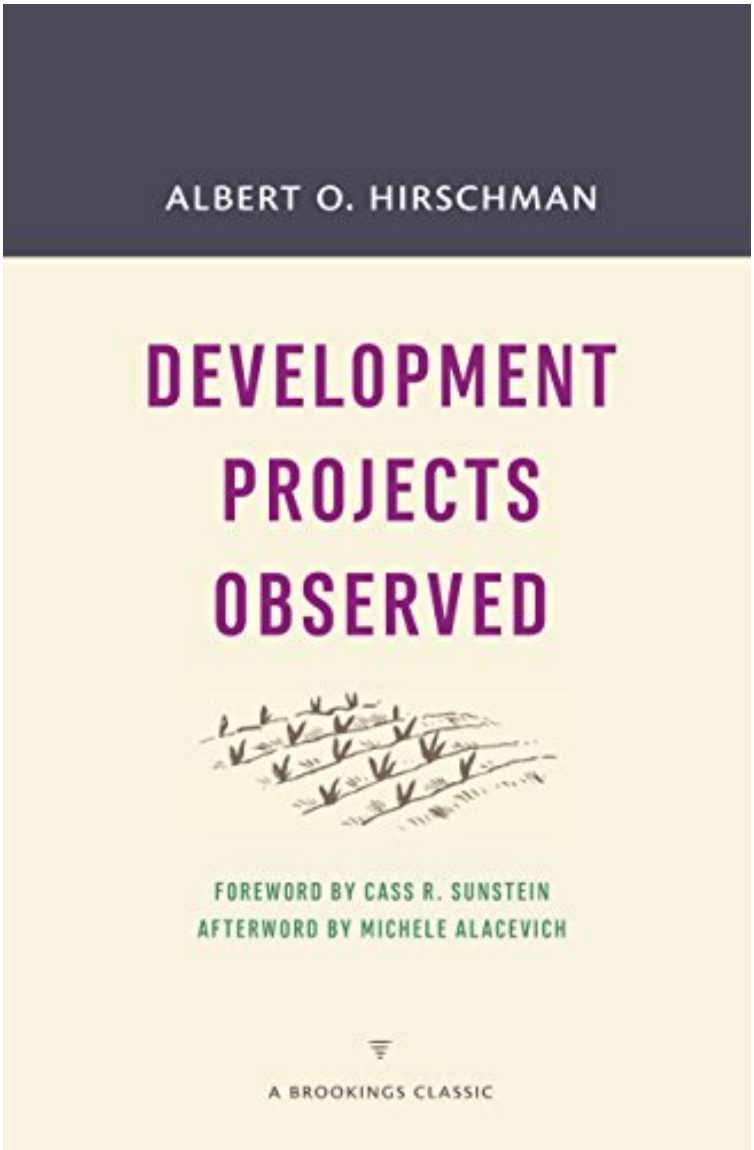

#396485 in eBooks 2014-12-10 2014-12-10File Name: B00M04GBUM | File size: 33.Mb

Albert O. Hirschman : Development Projects Observed (A Brookings Classic) before purchasing it in order to gage whether or not it would be worth my time, and all praised Development Projects Observed (A Brookings Classic):

0 of 0 people found the following review helpful. An insightful early critique of today's International Aid CommunityBy David ZetlandAlbert O. Hirschman wrote this book in 1967 with the permission of his home university (Harvard), the funding of the Brookings Institution and Carnegie Institute, and the cooperation of the World Bank, which provided access to their projects in El Salvador, Ecuador, Ethiopia, India, Italy, Nigeria Pakistan, Peru,

Thailand, and Uruguay.In his preface (p xi), he notes a key finding of his research:"In the end, my argument amounted to denouncing attempts at trait-making [proposing and implementing a project that may not fit with local conditions] under certain conditions. Some narrow-latitude tasks simply go beyond the capacity of a society as presently constituted and are therefore likely to end in failure."This passage previews what promises to be an insightful early critique of today's International Aid Community -- one that I have criticized. many. times. It also indicates that this book is still well worth reading 50 years after its publication.Perhaps the most important reason for reading this book is Hirschman's accessible and conversational style of connecting academic curiosity with realistic critique. You can already tell in the first few pages that you are reading the words of a man who has learned a few key lessons after seeing a lot -- as well as the words of a man who knows that his story is not the only one. Every "development project" has a unique character.Hischman is known for coining new terms ("Exit Voice Loyalty"). Here, he coins "the hiding hand," which hides surprises that drive a project off its planned course and hides people's capacity to solve those complications. Hischman is therefore pessimistic that we know what we are doing but optimistic that we can actually achieve a lot despite that. When using this term, he is quick to contrast the bureaucrat with the entrepreneur, in that the former is more shy about taking a chance and less eager to innovate to prevent failure. These attitudes may determine the difference between bureaucratic failure and entrepreneurial success on the same project.After introducing and discussing this idea, Hirschman has four chapters on Uncertainties, Latitudes and Disciplines, Project Design (trait taking and trait making) and Project Appraisal (the centrality of side effects).I'm going to rush through notes for the rest of the book because (a) you should read it and (b) I'd write a LOT more if I merely described all the great insights in this book of less than 200 pages.On Uncertainties, Hirschman warns that projects cannot be "copy pasted" when local conditions matter (e.g., irrigation schemes). From the opposite side, he suggests that projects that can happen "anywhere" are less likely to fail from unforeseen (local) conditions such as a division of labor among groups that do not talk to each other for political, religious or other subjective reasons that have nothing to do with the project. These divisions matter in any conditions but they make it much harder to "deal with the hiding hand" because groups see failure as a time to grab their share instead of look for a cooperative solution.In Latitudes and Disciplines, he discusses how it may be useful to have "freedom to adopt" OR useful to lack that freedom, as options can facilitate compromise or make it harder to force compromise. Such situational circumstances can make or break a project, depending on its leadership. Leaders thus might work hard to help a project succeed to protect their reputation, but they may also choose a path that leads to larger harm. (This happened with the Metropolitcan Water District of Southern California when they built the Colorado Aqueduct in the 1930s and had no customers -- they supported sprawl via cheap water as a "solution" -- see my dissertation.)Hirschman points out that corruption in construction need not lead to corruption in operation if construction and maintenance are separated. If they are both under one roof, then watch out -- especially if it's a monopoly service like energy, trains or irrigation! (He also makes the apt comparison of slums to planned communities, pointing out that slums are probably more efficient in delivering what their poor residents -- rather than planners or ideologues -- want.)Under Project Design, he notes that a trait-taking project "takes as given" local conditions, which makes it more likely that the project will succeed by adding to those conditions, contra a "trait making" project that forces locals to fit the planners' vision. (See Scott on this issue.) He warns against projects that lack time or site constraints, as they are most likely to wander and attract corruption.In Project Appraisal, he warns against aggregate benefit-cost analysis that ignores benefits to one group and costs to another or counts some costs but not others -- two themes I explored in this paper [pdf] on desalination projects.Bottom Line: I give this book FIVE STARS for its interesting and entirely relevant of the process of designing and building the big projects that "develop" societies, projects that require a strong community to ensure that the commons are protected and extended for the benefit of all. I wrote this review in extreme haste, but don't let its brevity mislead. I plan to read this book again every year or so to remind myself of the big picture in human cooperation. You should too.0 of 0 people found the following review helpful. What a Performing Project Design must Consider: A Strength-Based Review of Hirschmanrsquo;s Theory of ChangeBy J. C. MuneneWhat a Performing Project Design must Consider: A Strength-Based Review of Hirschmanrsquo;s Theory of ChangeAlbert O. Hirschman, Cass R. Sunstein, Michele Alacevich (2015); "Development Projects Observed; (A Brookings Classic) [Kindle Android version]. Retrieved from .comHirschman and colleaguesrsquo; ldquo;Development Projects Observedrdquo; is as insightful and perceptive as the original 1966 version. Methodologically, it establishes the power of narratives as a source of in-depth understanding of complex and complexity oriented phenomenon. As an incidental theory of the nature of institutions, it can be presented as a legitimate forerunner of Complexity Science as represented by complex adaptive systems (CAS) . Its strong emphasis on context presented some of the earliest support for utilising a cultural-historical activity theory (CHAT) framework when designing and evaluating development projects especially in the underdeveloped world with special focus on the African Continent.Being an African living on the Continent makes me take a renewed interest in the new version. I will not go in any other details except to note that there are many projects that have failed and continue to fail, whether they are paid for through borrowed World Bank and IMF money, or through grants from donor nations. My reality is that when you read the revised book you see why projects fail and continue to do so, just as the fourteen projects that Hirschman studied four decades ago did. To address this problem the multilateral and bilateral donors are now

promoting the concept of the theory of change with the hope that once a theory is articulated for a project, then the project would stand a reasonable chance of succeeding. It is interesting that way back in the 60s Hirschman sketched out a theory of change that may inspire those who design development projects for Africa and probably the rest of the World. The case below suggests why the potential inspiration.Case: Khnappuli Paper Mill in Pakistan: Over and underestimation of Available ResourcesWhen Pakistani was split from India, the main stay of the economy was premised on the most available natural resource, the bamboo forests. The decision was to create a paper mill that would utilise the pulp from the bamboo. Government started the mill and after seven years handed it over to the Private Sector. Soon after the hand over, the bamboo began to flower! This was a sign that the bamboo was too old to convert into pulp. The Government had overestimated available resources.Not to close, the Firm began to source for bamboo scattered in the villages along the river (say which river). The cost of gathering the bamboo was manageable because the river had many distributaries and canoe transport was already in existence. The villagers who had been excluded from the business became suppliers. At the same time, the company sought and obtained permission to experiment on more predictable plant varieties from which they would source the pulp. This also included determining which of the many bamboo varieties available in the country would be less susceptible to flowering since bamboo flowers once in just over half a century (approximately 60 - 70 years).As a result of the adaptation to a new and unanticipated challenge, the company was able to identify new varieties while offsetting the reliance on a single raw material. This, according to the authors, suggested that the initial planning had significantly underestimated available alternative resources. An additional positive side effect was that the Poor in the surrounding villages became out growers and suppliers with a ready market.The Khnappuli Paper Mill narrative is one of 14 World Bank sponsored projects from which Hirschman first identified a theory of change that still fits the uncertainties that continue to dodge multilateral and bilateral projects in Africa. The narrative summarises the spirit of a theory of project design through the observation that projects are ldquo;experiencesrdquo; to be lived through rather than to be completely directed, to be learned from rather than to ldquo;tutorrdquo; them what they should or shouldnrsquo;t do. In a different Social and Behavioural Science Language, the kind of projects that the book addresses are socialising agents showing their designers, implementers and evaluators what society wants to see done and to do in order for it to evolve from one position to another. Below I sketch out my version of Hirschmanrsquo;s theory of change as it relates to development projects.My understanding of the ldquo;Development Projects Observedrdquo; is that it is about promoting a design that should serve the society in which a project is planted and nurtured. It is therefore only secondarily about project success or performance. It is, in other words, about design authenticity and design performance which refer to that design that addresses the social and economic realities of a community. The design moreover, must be flexible enough to be shaped by changing socio-economic realities and yet robust enough to shape the realities through a co-evolutionary rather than an evolutionary or revolutionary process. This is because it is the nature of complexity that adaptive systems tend to return to the point of origin because of path dependency .The key antecedent to an authentic or a performing design is the hiding hand. It influences and is influenced by another early antecedent namely the side effects of the design. The side effect are said to be responsible for uncertainties and latitudes which then determine whether the design should create or make traits (competences both behavioural and technical). The type of traits chosen or their combination, would finally be responsible for the finer details of the design.We can see this summarised scenario playing out in the Khnappuli Paper Mill. The project was designed around the bamboo, which happened to be an indigenous plant of the area. This turned out to be an advantage since the Hiding Hand played two tricks. The first was that the forest that had been earmarked to provide the bamboo was too old to contain usable plants. But by premising the factory on the bamboo plant, the project inbuilt a certain amount of latitude that was sufficient to take traits in the form of existing varieties of bamboo that could be used as alternative sources of pulp. It was also able to utilise the bamboo from the surrounding villages and the navigation capabilities of the canoeists. This twist or solution included the originally excluded communities in the main economic activity of the new nation. Economic inclusion was the key outcome of the hiding hand and the capacity of the implementers now turned designers to utilise it positively rather than to ldquo;throw in the towelrdquo;. Worthy noting in the figure is that the Hiding Hand interferes with each pathway requiring project users to be on the alert to adjust the design at any particular moment. We now examine briefly the concept of the hiding hand.The Hiding Hand is the unknown project agent that emerges during the implementation of projects to direct project activities on to unanticipated routes. For instance, bamboo flowered forcing the implementing private sector to think more broadly of how to solve a seemingly material resources problem. In the process however it solved a ldquo;widerrdquo; problem by, among other solutions, including the surrounding poor villagers in the economy who started supplying bamboo to the pulp mill. The private sector also experimented with alternative varieties of bamboo surmounting the problem of single resource dependence.We are now able to refer to what happened to the Pulp Mill project as emergence, which is a natural agency of all complex adaptive systems. It is a proactive outcome of unseen feedback among living systems that are brought into living distance of each other. It is a force of co-evolution and, comparatively, a more contextually adaptive solution than the project that brings otherwise disparate activity systems into proximal distance of each other. In other words the Hiding Hand is a positive force when considered in terms of CHAT . Through such forces as

emergence, the Hiding Hand produces the relational agency necessary for co-evolution, which is the only way living systems know how to live as long as they are brought into living distance of each other.The Hiding Hand has many tricks ldquo;up its sleeverdquo;. Two common ones are overestimation and underestimation of resources. Resources here simply refer to everything you need to get your job done. Some resources are obvious such as machine technology and material resources required in a factory such as pulp. Others are more elusive such as knowledge technology, and social cognition or how individuals interpret events around them according to their cumulative social and cultural experiences. In line with complexity science thinking, the Hiding Hand provides both the problem and the solution. What the implementers, now turned into designers, need to do is to learn to think ldquo;non-linearlyrdquo;, look out for the unexpected and relax controls. We see this in the paper mill saga. The contractors looked around for the initially under estimated available alternatives such as new sources of bamboo, other raw materials besides bamboo, and also who would supply whatever was required to keep the paper mill going.The Hiding Hand has a number of tools two of which are of interest for the purpose of this review. They are the privileged opportunity or problem and the gestation period. A ldquo;privileged problemrdquo; or the ldquo;privileged opportunityrdquo; to reflect the strength-based approach I have sought to adopt in this review, is one that stands out prominently so that every project designer thinks that thatrsquo;s where the focus is or should be. The availability of the bamboo became the privileged opportunity, in Pakistani. In the case of the Owen Falls dam in Uganda, it was the availability of waterfalls as a source of hydroelectric power. Everyday examples that easily come to mind are those associated with economic indicators such as gross domestic product, and the balance sheet among others. Within healthy it is often about the medical condition of the population including mortality rates. Consider the case of the Ebola Virus. In education it is the number of candidates who pass at a particular grade or how to finance education. Hirschman alerts designers to these obvious opportunities because they could easily blind one to other attendant side effects with capacity to accelerate the progress of the project significantly. For instance the presence of machine technology as a solution may give designers the false feeling that as long as you build a plant and populate it with competent workers, you will have addressed the problem for which the factory was needed in the first place. As we saw in the narrative, this didnrsquo;t happen in Pakistani. We now understand from both CAS and CHAT that these opportunities are nested within or juxtaposed with other on-going activity systems respectively.Interpreting the warning against the concept of the privileged opportunity logically raises the issue of the fallacy of the privileged problem or opportunity. It is probably this fallacy, referred to in the book as the optimistic bias that is at the heart of most challenged projects. The source of this fallacy can now be tracked and possibly ameliorated through CAS processes.The second tool of interest is the gestation period most associated with agricultural projects. Here the opportunity is the availability of land and labour in the form of subsistence farmers. An example that confirms the fallacy of the privileged opportunity Hirschman studied is the Ground Nuts Scheme in Tanzania, which produced mountains of groundnuts that went to waste because markets or any other value adding activities such as converting the nuts into butter hadnrsquo;t been put in place. The other is the Owen Falls Dam in Uganda that was designed to supply anticipated industries that, like the markets for groundnuts, failed to emerge. In both cases the hiding hand appeared to be the gestation period that was too short to ldquo;waitrdquo; for the relevant activity systems that would create an ldquo;ecology of innovationrdquo; to build or nurture the relational agency that sustains and promotes the necessary level of exchange Project designers now tend to avoid such projects even though they could be the basis for the kind of transformation that the targeted communities really need for a number of reasons such as unknown multiplier effects. Take the failed Peruvian irrigation project of Lorenzo, which made it possible to provide not only credit but also the emergence of technical assistance leading to a new model that was applied elsewhere in Peru. This was after the project had suffered from political interference and a change of conceptualisation of what kind of irrigation was required. These lead to significant economic losses. In the meantime, the project converted into a new model where land along the irrigation area was subdivided into smaller, more viable family farms.Development Projects as Learning SystemsThe projects that Hirschman studied provide significant qualitative data that the hiding hand converts every development project into a learning system that creates the creativity he came to admire. The admiration is based on at least one of his many observations that when a ldquo;failedrdquo; development project reincarnates into another project, the new project tends to be more of a success than the original plan. This then takes me to what I understand would be a successful project using the lenses of the Hiding Hand.To describe to myself my understanding of what a successful project may be, I started by extracting what I think Hirschman and his team meant by development project. To do this I liberally borrowed from Activity and complexity theory thinking and portrayed a development project as ldquo;an activity system quite often considered in terms of an investment that is designed to put in motion other activities that would spiral into desired changerdquo;. Using this description I summarised what a successful development project as one that meets at least two of the following criteria:(1) Capacity to discount financial losses and continue with the project in some modified form(2) The number of ldquo;emergingrdquo; and ldquo;harvestedrdquo; resources which are then put to use in the project's modified but contextually more relevant form(3) When a potential opportunity is grabbed and promoted instead of being lost just because the original plan failed on some predetermined criteria. All the three criteria attest to development projects as learning systems first and performance systems later.The above

criteria then demonstrate that a theory of change based on the Hiding Hand as originally set out by Hirschman is still challenging to those looking for clear-cut answers. This then begs the question why we should use a theory of change that makes it difficult to get answers. This question in turn can now be answered utilising complexity science and the more recent version of cultural historical activity thinking.In some deeply perceptive way Hirschman anticipated both models of project management with his concepts of the hiding hand, side effects and the others such as latitude and uncertainties as briefly exemplified in the paper mill project.Way ForwardIn a common sense way, we should embrace the Hiding Hand when a public service with an intended public value such as a development project must be performed and little is known about its complexity. One way of looking into the complexity is to outline the various on going activity systems with which it would share boundaries and estimate their socio-cognitive and technological readiness for co-existence and more significantly, co-evolving.Recent literature recommends utilising an institutional or organisational development approach as against a task management . The institutional development perspective takes a stance of a learning organisation; whereas the task perspective takes a performance stance, which assumes that all capabilities are already in place. The position taken in this review is that the task perspective suffers from an optimistic bias at best and at worst is a result of the fallacy of the privileged opportunity. This is so because CHAT and CAS approaches demonstrate that all activities and activity systems are either nested or share boundaries with other activity systems and must co-evolve or disappear completely. To get results one needs to distribute resources for growth to those activity systems that are central to the targeted opportunity.3 of 3 people found the following review helpful. An oldy but goodyBy PracAdemicDevelopment Projects Observed is one of Albert Hirschman's lesser known books, but one that was highly influential in my professional development. It is a review conducted in the 1960s (I believe) of a number of large scale World Bank projects that, for the most part, went badly wrong at some point. In reviewing them, he finds that in most cases adjustments were made, problems solved and on balance they were positive over the longer term. This leads to general reflections on the fact that practitioners under-estimate botht the problems likely to arise in a project, but also their capacity to address any problems that might arise. He refers to this as the principle of the "Hiding Hand" which allows for progress in situtations of uncertainty and factors in the reality that missteps and miscalculations are simply a part of progress.

Originally published in 1967, the modest and plainly descriptive title of Development Projects Observed is deceptive. Today, it is recognized as the ultimate volume of Hirschman's groundbreaking trilogy on development, and as the bridge to the broader social science themes of his subsequent writings. Though among his lesser-known works, this unassuming tome is one of his most influential.It is in this book that Hirschman first shared his now famous "Principle of the Hiding Hand." In an April 2013 New Yorker issue, Malcolm Gladwell wrote an appreciation of the principle, described by Cass Sunstein in the book's new foreword as "a bit of a trick up history's sleeve." It can be summed up as a phenomenon in which people's inability to foresee obstacles leads to actions that succeed because people have far more problem-solving ability that they anticipate or appreciate.And it is in Development Projects Observed that Hirschman laid the foundation for the core of his most important work, Exit, Voice, and Loyalty, and later led to the concept of an "exit strategy."

About the AuthorAlbert O. Hirschman (1915-2012) was an influential economist who is widely regarded as one of the twentieth century's most extraordinary intellectuals. His other books include Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States (Harvard University Press, 1970) and The Strategy of Economic Development (Yale University Press, 1958).