

The Passion and the Interest
by Albert O. Hirschman

Hirschman's volume is admittedly a masterpiece. A number of reasons can justify this statement: first of all, the main question informing the book is one of those great conundrums that necessarily require a lengthy intellectual journey. Secondly, the impressive analytical breadth makes *The Passion and the Interest* a compulsory reading for political and social scientists, economists as well as philosophers. Finally, Hirschman's thesis on the "ideological" origins of capitalism still remains one of the deepest arguments on the subject - as insightful and penetrating as the Weberian or Marxist approach.

A theoretical puzzle paves the ground to Hirschman's argument: the rise of capitalism is a function of the activity of merchants and bankers, whose labour was originally considered sinful. So, what changed? How could a morally shameful enterprise become ethically acceptable? The answer lies in the moralizing role of the interest as opposed to the passions. From, say, Saint Augustine to Montesquieu what occurred was a 180 degree turn. Just to mention the former, at the beginning of the Christian era, he denounced three basic sins of the fallen man - one of them being just lust for money and possession.

* Catholic University of the Sacred Heart, Milan.

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A change, but not a new ethos, emerged during the Renaissance period, when philosophers like Machiavelli (and later Hobbes) insisted on taking man “as he really is”. The idea they pushed forward, quite disruptive for the time, was that religious precepts could no longer be used to restrain the disorderly passions of men. But still, their theory of the state did not take the interest into consideration. Neither did other Seventeenth century philosophers, who rather tried to use the principle of countervailing passions – that is play passions one against the other in order to mitigate their effect. Even if here it is not possible to discuss the point in depth, the reader would surely find Hirschman’s reading of Bacon, Spinoza, Hume and Hamilton fascinating.

Another step in this process came with the discovery of “interest” and “interests” as tamers of the passions. To be fair, the rehabilitation of the concepts found his father in Machiavelli, but it was only in the Eighteenth century, and mostly after Hobbes’ writings, that it came to the fore. The point is a result of the previous step: while trying to pit passions one against the other, those philosophers had to define which passions were to be tamed, and which could be used as tamers. It is in this view that the interest gained value: while the effects of interest-driven action are favourable, when men act out of passion the state of affairs that prevails is disastrous.

Despite its lengthy and troublesome genesis, in the Eighteenth century the concept of interest came to be acknowledged and accepted. Actually, its definition remained quite loose and *ad hoc*, but this did not go to the detriment of the concept. Most importantly, it proved able to display two assets – predictability and constancy – whose effects played an important role both in

economic and political terms. While the passions made unpredictable and irrational, the love for money-making could be cultivated by work and commerce, both intrinsically innocent and mild activities – at least vis-à-vis the wilderness of passions.

The remarkable conclusion is that the effects of such a conclusion worked in the economic as well as in the political arena. As concerns the former, as epitomized in Adam Smith's writing, the pursue of personal interest came to be recognized as the key to prosperity. In political terms, after the Restoration, there was much discussion about the advantages that might accrue to the public interest from the presence of a variety of interests, and a certain tension among them.

Obviously, the acceptance of interest did not come without opposition. And, to be fair, Hirschman's account of critical voices is as accurate as the rest of his work. But the point is that a new doctrine, not necessarily in conjunction with a rising social class, came to the fore. As witnessed by the writings of Montesquieu, Sir James Stuart and John Millar (all analysed in chapter 2), the idea developed that the by-products of interest (i.e. commerce and industry) would constrain authoritarian decision-making by the sovereign. Obviously, as reflected in the modern liberal thought, the legacy of these thinkers is still of utmost importance. Yet, as for liberalism, some critiques might be raised, and actually have been, well before the expansion of capitalism all over the world. It is therefore noteworthy that the author dedicated most part of the third chapter to critical authors like Joseph Barnave, Adam Ferguson and Alexis de Tocqueville.

That the book gained an instant and undisputed success soon after its publication is a matter of fact. Also, by the light of the above-mentioned hypothesis, it is no wonder why. Nonetheless, a few remarks might be useful to better stress the conceptual innovations – and empirical consequences – of *The Passion and the Interest*. Firstly, Hirschman provides a powerful genealogy of commercial liberalism, proving that it has deeper (and more dignified) roots than usually perceived. In fact, following his argument, the moral justification of the interest is not just a *post hoc* defense of capitalism, but rather a cause of its birth and development.

Secondly, the author goes a separate way from many liberal believers in ruthless capitalism: so, while acknowledging the virtues of capitalism, Hirschman also admits that some behaviors – even interest-driven behaviors – might be dangerous, and therefore need to be contained. But here, and this is probably one of the most controversial points, in his account he does not address which activities (either political or economic in nature) are to be tamed. And, most importantly, he does not say how to constrain dangerous yet rational behaviors.

Finally, his argument gains new power within the context of globalization. Albeit now the academic literature seems to have lost momentum on the topic, the process once labeled as interdependence, then globalization, is still under way. In this respect, Hirschman, although implicitly, recognizes how self-interested economic behavior has consequences that affect globalization too. Here again, if applied in the logic of the global governance, his argument may be used as a good case in favor of a bottom-up

process of global institutionalization.

Obviously, some critiques may be raised (and indeed have been) against this book. To be fair, most of them proved valid inasmuch as they stretch Hirschman's analysis to account for the current developments of global capitalism. For example, those who point out the contextual (mainly European) value of the ideas treated in the book find it easy to challenge their explanatory power with reference to the expansion of capitalism. In a nutshell, while the moral acceptance of the interest in the Western world may have played a role in promoting trade and industry in Europe, this is hardly the case in other continents, like Asia or Latin America. And, pushing the argument a little farther, one may also note that even within European countries a number of differences may be found: borrowing the famous weberian hypothesis, the differences between Catholic and Protestant Christianity may account for the different paths of capitalism in Northern and Southern Europe.

Finally, given the role of ideas, an ontological issue may be raised: is the change in ideas enough to explain changes in behavior? Hirschman starting point is that capitalism, contrary to other revolutions, led a revolution without a revolutionary class. Differently from the French revolutions, for instance, there is no economic equivalent of a third estate supplanting an old aristocracy during the capitalist revolution. As mentioned, this is why the author focuses his attention on ideas as an independent variable. But, in the terms of the social scientist, here lies the problem: how can we be sure that the relationship between ideas and capitalism is not spurious? In other words, Hirschman does

not take into consideration the possibility that other forces may be at work, or at least that capitalism may be the result of an interplay between new ideas and rising classes. To be fair, this is surely not enough to reject his conclusions, but such a critique calls for a further investigation.

To conclude, why is *The Passion and the Interest* worth reading? The answer may be found in the wise motto saying that you have to know where you come from in order to know where you are going to. The trajectory of liberal capitalism is still far from clear. Before its triumph is consumed, whenever this is going to take place, it is wise to trace back its origins following Hirschman's powerful reconstruction.