

Peter Levine*A Blog for Civic Renewal***Albert O. Hirschman on exit, voice, and loyalty**Posted on [June 25, 2013](#) by [Peter](#)

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Liker

Jeremy Adelman's recent biography of the recently deceased Albert Hirschman has prompted good writing: see Malcolm Gladwell in [The New Yorker](#), Cass Sunstein in the [New York Review](#), and a nice discussion at the [Reality-Based Community](#).

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For me, Hirschman's *Exit, Voice and Loyalty* is a touchstone. The insight of this book is that we have two potential responses when we don't like an institution or community. We can leave it ("exit") or we can advocate change ("voice"). When both options are available, what causes us to choose voice over exit is loyalty.

I study citizenship, which has a lot to do with voice and loyalty. I happen to think that Hirschman's emphasis on voice omits *work* as another means of improving situations. That said, his scheme is powerful and illuminating. It usefully challenges *laissez-faire* economics, civic republicanism, and socialism.

Hirschman believed in exit. It saved his life, since he was a refugee from tyranny. And he endorsed exit from businesses as a means of improving them. Exit is the fundamental market mechanism: owners must either produce good services or lose their customers. Because Hirschman understood the value of exit, he was not a classical republican or a socialist.

But he saw that exit will not solve all our problems ...

For one thing, monopolies actually *like* people to exit. It helps them maintain their power without changing their behavior. For instance, if there really is no alternative to the cable company, then disgruntled customers will make a fuss, using their voices to cause trouble. The cable company prefers the angriest people to leave (albeit at some cost and inconvenience). Non-murderous dictatorships, like today's People's Republic of China, use the same strategy, encouraging their toughest dissidents to go into exile.

Bureaucrats in governments and corporations are not necessarily constrained or chastened by exit. Why should they care if some employees or customers leave? One of the limitations of standard public choice theory (a la James M. Buchanan) is its attribution of the same motives to bureaucrats as entrepreneurs. Both are assumed to want bigger operations. But this is only true of some bureaucrats. At least as many would like to see people leave. The workload shrinks and the most troublesome individuals depart. For instance, leaders of urban public school systems do not suffer because some kids leave for private schools and charters. At the extreme, they could lose their jobs—but senior bureaucrats are the last to go. In the meantime, exit just makes their jobs easier.

Besides, exit confers no information. You can count the people leaving, but that doesn't tell you why they're exiting or what would make them stay.

Hirschman quotes Milton Friedman's argument for school vouchers. "Parents [with vouchers] could express their views about schools *directly*, by withdrawing their children from one school and sending them to another, to a

much greater extent than is now possible. In general they can now take this step only by changing their place of residence. *For the rest, they can express their views only through cumbrous political channels*” (p. 16).

Hirschman responded (with dry sarcasm):

I am not interested here in discussing the merits of the Friedman proposal. Rather, I am citing the above passage as a near perfect example of the economist's bias in favor of exit and against voice. In the first place, Friedman considers withdrawal or exit as the “direct” way of expressing one's unfavorable views of an organization. A person less well trained in economics might naively suggest that the direct way of expressing views is to express them! Secondly, the decision to voice one's views and efforts to make them prevail are contemptuously referred to by Friedman as a resort to “cumbrous political channels.” But what else is the political, and indeed the democratic, process than the digging, the use, and hopefully the slow improvement of these very channels? (p. 17)

If exit is the only means of improvement, then human organizations and communities are like species in a Darwinian struggle for survival. They just do what they do, and the ones that lose their customers or employees die off. But Darwinian struggle is incredibly wasteful, slow, and inconsistently beneficial. (Cockroaches are much “fitter” than tigers, but which is more impressive and beautiful?) We humans can do a lot better than that, but it takes thinking, communicating, and listening. In a word, it takes *politics*.

One of the commentators on the [Reality-Based Community](#) (“Ebenezer Scrooge”) puts the point well:

I work as a bureaucrat in a bureaucratic business organization. I therefore know a little something about bureaucratic employment practices. ... Any management that primarily relies on exit information is way behind the curve. When the cost of exit is high (as it is in most employment), almost all forward-looking information comes from voice. Employment exit is only useful for upper levels of management, who need some accessible metric to evaluate lower levels. There is a way to generalize this. The invisible hand is—ultimately—the invisible hand: incentives matter. Lousy monopolists ultimately collapse. But the force and fingers of the invisible hand are often social structures

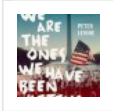
If you are trying to set the rules of the game at a very high level, e.g., by writing a constitution, you should allow exit, both to preserve human rights and to create competition. But if you actually work in an organization or a community, you'd better encourage and listen to voice. That is what will determine your success and survival. Strengthening markets may increase the *incentive* to promote voice, but people must still learn to communicate and listen.

Finally, the choice between exit and voice is fundamentally ethical and relates to the question of a good life. I am not saying that voice is always better. The right thing to do can be to resign from a committee or go into exile as a matter of conscience. (*“Ich kann nicht anders.”*) And sometimes exit is fine just because the moral stakes are very low—you are entitled to walk out of one pizza joint and into another because the slices there are better.

But there are important situations in which staying and speaking is the right thing to do. That idea is invisible if we imagine that market competition is the only means for improving institutions. Not only is voice in some circumstances the more honorable choice, but it creates the potential for various forms of satisfaction and

fulfillment that are lost if one casually exits. As Hannah Arendt wrote, the Americans of the Revolutionary era “knew that public freedom meant having a share in public business, and that the activities connected with this business by no means constituted a burden but gave those who discharged them in public a feeling of happiness that they could acquire nowhere else.”

Another weakness of Chicago School economics is defining incentives too narrowly. The opportunity to speak and be heard, the satisfaction of responding well to someone else’s thoughts, and the reputation one can acquire from effective speaking—those are powerful as well as honorable human motives.

About Peter

Director of CIRCLE and the Lincoln Filene Professor of Citizenship and Public Affairs at Tufts University's Tisch College. Concerned about civic education, civic engagement, and democratic reform in the United States and elsewhere.

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Burton Bargerstock · 2 years ago

An admirer of Hirschman’s Exit, Voice and Loyalty, I really appreciated this commentary, Peter. Well done.

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