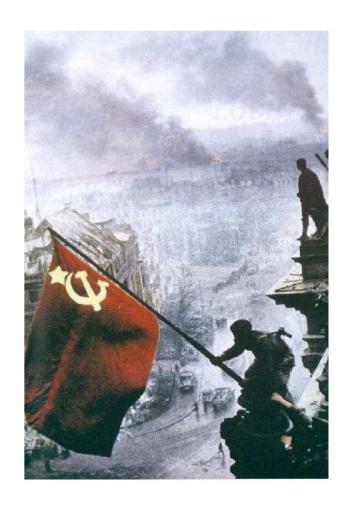
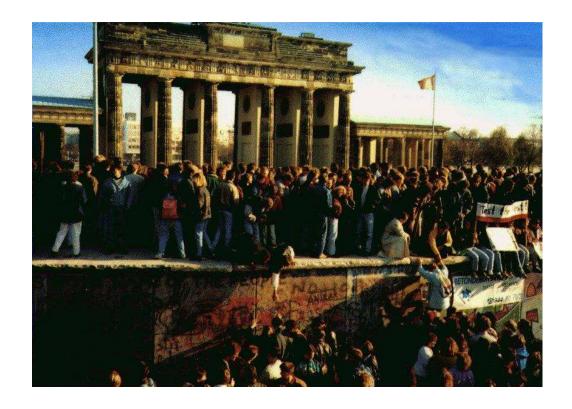
Slides
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By Force of Thought

Understanding the Kornai Phenomenon by Jan Fidrmuc



Outline

- 1. The Kornai Phenomenon
- 2. Factors that Underlay Kornai's Success
- 3. Dilemma of Emigration

The Kornai Phenomenon

- Many talented East Europeans became successful economists in the West
- Kornai is one of the few who did so while remaining in the East
- East Europeans known in the West became famous for contributing to non-ideological fields
 - e.g. Leonid Kantorovich and linear programming
- Others became famous (infamous) for their role in dismantling socialism after the end of communism
 - Balcerowicz, Klaus, Gaidar, Chubais

The Kornai Phenomenon

- Kornai lived and worked in communist Hungary...
 - ... and formulated economic models that criticized and discredited the socialist economic system
- He published widely (and well) in the West and in Hungary
- And since 1978, he has been more often cited in Hungarian academic sources than either Marx or Lenin

What Makes a Successful Researcher?

- 1. Talent, ambition and industry
- First-class undergraduate and graduate education
- 3. Good and supporting PhD advisor
- Nurturing and stimulating research environment, plenty of time and funding for research
- 5. Government that does not put you in prison for speaking your mind

Kornai's Education

- Kicked out of secondary school for being a Jew
- Survived Holocaust working as a manual worker
- Became Marxist, read Marx in German, became a Communist Party warrior out of conviction
- Worked as an economic journalist in the main Communist newspaper
- Became interested in research and started a candidacy degree at the Academy of Sciences
- Got fired from newspaper and was reassigned to be junior researcher at the Academy in 1955, finished candidacy in 1956

Academic Career

- Broke with Marxism
- Started a self-taught course in modern Western economics
- Published in Western academic journals (without permission from superiors)
- Refused to collaborate with communists
- Avoided engaging in anything considered illegal by the communists

Academic Career

- Self-censorship: wrote in such a way so his articles/books could be published in Hungary, not only in the West
- Avoided topics that were politically sensitive
 - Abandoned Overcentralization when such research became political unacceptable after 1956
 - Economics of Shortage highlighted shortcomings of socialist economic system but failed to suggest remedies

Political Constraints

- Lived and worked in the happiest barrack in the Communist camp
- Was allowed to continue doing research after falling out of grace
- Got away with unsanctioned publications in the West
- Became increasingly free to travel to the West, including for extended visits at foreign universities
- Most of this would have been impossible in other communist countries

Dilemma of Emigration

- Offered professorships at Cambridge,
 Princeton and elsewhere ... and declined
- Eventually, accepted an offer from Harvard but only on condition that he would spend half his time on an unpaid leave in Hungary
- Reasons for staying:
- 1. Emotional and family attachment to Hungary
- 2. Wanted to be able to continue doing research on socialist economies as an *insider*

Dilemma of Emigration

- What if Kornai had emigrated?
- Being able to offer an insider's view was an important advantage
- However, political constraints and selfcensorship prevented Kornai from addressing topics such as post-communist transition and transfer of ownership
- Although many saw his work as justifying regime change, Kornai himself never called for such a change

Dilemma of Emigration

- In the late 1980s and early 1990s, when the end of communism was unfolding, Kornai was writing a comprehensive analysis of the socialist economic system
- The Road to a Free Economy was only published in late 1989 (in 1990 in English), as transition was already underway
- The price for staying in Hungary: Kornai remained an analyst of the socialist economy instead of laying the foundations for postcommunist transition