

Slides

**Fridmuc, Jan, Professor of Economics, Brunel
University, London, UK**

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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
2. First-class undergraduate and graduate education
3. Good and supporting PhD advisor
4. 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 self-censorship 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 post-communist transition