

Review

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By Force of Thought - Memoir of János Kornai

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BY FORCE OF THOUGHT -- MEMOIR OF JANOS KORNAI

"So, Barkley, what book did you read this summer?" says the teacher at the beginning of the school year. Well, over a recent weekend at the beach in Lewes, Delaware after dropping off our daughter to be a freshman at George Mason, I read most of the intellectual memoir of the Hungarian economist, Janos Kornai, *By Force of Thought*, published by MIT Press recently. It is really an intellectual history of central and eastern Europe from the 1930s to the present.

So, Kornai became a true Stalinist in 1945 as an 18-year old Jew in Budapest who barely survived the Nazis and whose father and older brother did not. Doubts began creeping in during the early 1950s as he encountered friends who had been tortured into false confessions. He would split from Marxism, and during the 1956 Hungarian uprising went through the difficulty of surviving while not abandoning or violating friends or principles. Later he would be a fan of neoclassical economics in the 1960s, as he published papers on mathematical programming that could be used in principle for central planning, although he notes that the conditions for his two-level planning to work did not hold in reality, so he saw it as an ultimate critique. In the 1970s he would come to be a critic of neoclassical economics, in his book *Anti-Equilibrium*, even as he would be begin to spend half his time at Harvard (and the other half in Budapest). His most famous idea was of the soft budget constraint, a critique of attempts at market socialism in Hungary and elsewhere, although also applicable to western economies. Later, he would write wisely about the path of transition out of the Soviet bloc economies, with Hungary doing better than most in its path to join the EU. He emphasized a more social democratic approach that would retain substantial parts of the old social safety network, even as the

economy mostly became market capitalist. This would preserve social structures and democracy and equality better than the harder line policies found in Russia and other states with far greater problems.

I have great personal respect for Kornai and think he deserves the Nobel Prize, although probably he will not get it, "transition" now being somewhat passe. But, he is a wise observer, and this book is deeply insightful and even moving