János Kornai, *By Force of Thought: Irregular Memoirs of an Intellectual Journey*, translation by Brian McLean of *A gondolat erejével: Rendhagyó önéletrajz* (Budapest: Osiris, 2005 and London and Cambridge, MA: MIT Press, 2006) pp. xix + 461, $40.00. ISBN 0-262-11302-3.

For five decades János Kornai has been the most dedicated economist of the centrally planned economies typical of the Soviet bloc since World War II to the 1990s. Barred from university teaching in his native Hungary, by the early 1980s citations of Kornai in Hungarian economic literature had nonetheless overtaken those of Marx and Lenin, and Kornai has influenced thousands of students and analysts of socialist economies worldwide. This success came from applying techniques of modern analytical economics within a broad socio-political perspective that Kornai attributes to Marx's *Capital*. Committed to Hungary, Kornai's native knowledge of the country's economy and its politics also grounded his theories of socialist evolution and transformation. Even when he finally accepted a Harvard appointment in 1986, following offers elsewhere, it came with an agreement that he return to Budapest for half the year.

Published as *Overcentralization in Economic Administration* (1959), Kornai completed his Ph.D. dissertation in Hungary in September 1956, just one month before the Soviet-crushed Hungarian Revolution. This critique of Stalinist political economy was immediately influential through a public defense attended by about 200 people. Significantly, the event occurred outside of the overtly political Petőfi Circle debates, which spread critical discussion of Hungarian life from academics to the country as a whole. This would be a model for Kornai's life: rigorous scholarship dedicated to truth and relevance, but framed outside of direct political involvement. In other respects Kornai was a typical 1956 Hungarian intellectual. As an energetic and dedicated Party member Kornai learned economics as a journalist for the official paper *Szabad Nép* (*Free People*). As for many others, Party legitimacy eroded and then dissolved following Stalin's death in 1953 and the release of Hungarian political prisoners testifying to a life of lies, terror, and intimidation. Led first by journalists, playwrights, and poets—many who were earlier Party darlings of the most Stalinist regime outside of the Soviet Union, this revolution of truth came from within, with critical petitions, articles, and speeches initiated through the Party itself. Kornai's first critique of centralized planning was a similarly rational and ferocious internal response to years of faked economic results (none knowingly by him), mismanaged industries, overwork, and induced poverty.

Like other Hungarian intellectuals, Kornai was at that time not anti-socialist, just anti-Party, a distinction misunderstood outside the iron curtain. *Overcentralization* identified systemic failures without rejecting socialist economies as a whole, and it

took Kornai several years to formulate his mature view that they are inherently dysfunctional, principally in *Economics of Shortage* (1980). The systemic message is a Marxian one: that centralized economies reproduce conditions of chronic shortage for producers and consumers through insoluble problems of inefficient resource allocation, incoherent price signals, forced substitutions of goods, hoarding, and lack of competitive improvement. Reading *Capital* as a youth had inspired Kornai to be an economist, even as he rejected Marxian economics, a perceived arrogance of Marx's polemical style, and incomplete empirical test. Nonetheless, Kornai always acknowledged Marx as a master political economist who showed how to place economics within social and political understanding of a whole changing society. In those terms, Kornai felt that *The Socialist System* (1992) finally represented a work that was ''100 percent'' political economy. Like Hegel's owl of Minerva, whose wisdom spreads its wings only with the falling of dusk, that complete understanding came only with the dissolution of the Soviet empire.

It is then false, as put by Kornai's great friend, the late 1956 hero and revolution historian, György Litván, that Kornai rejected Marxism ''lock, stock and barrel.'' *Capital* is also subtitled *A Critique of Political Economy*, with ''critique'' having the internal and progressive meaning derived from German philosophical method from Kant to Hegel. Kornai therefore continues Marx's ''immanent'' social theory, even as he rejects almost all of Marxian economics. Kornai's countryman Georg Lukács, who also stayed at home—literally, often under house arrest, having narrowly escaped execution following a titular role as Imre Nagy's Minister of Culture in 1956—wrote in the 1920s that ''orthodox Marxism'' is not the belief in any particular text, which may or may not be valid, but is solely a question of historical and systemic, or dialectical, *method.* For that, Lukács was branded ''left-wing'' by Lenin, but Lukács had laid a foundation for revisionist and non-deterministic Marxism, later revived in the 1960s as Marxism ''with a human face.'' Kornai apparently also meets Lukács' definition of ''orthodox'' Marxism, and Lukács is acknowledged as another intellectual model by Kornai for his commitment to disengaged but responsible intellectual work. But the economist has the last word through arguments that systemic problems of central planning are unsolved by otherwise worthwhile goals of ''a human face.'' Lukács also ultimately described his early views inspired by Max Weber's sociology of modernization as ''romantic anticapitalism.''

Kornai's harshest lessons about socialist dysfunction were rarely stated explicitly before the 1990s. As a resident of Hungary he was subject not just to censorship and professional exclusions, but to self-censorship finely calibrated to criteria of what was ''prohibited, tolerated, or supported.'' The survival tactics have been described by other Hungarians, but mostly writers and journalists. Here they involve the scientific research of a world-class economist, conveniently advantaged by mathematical equations obscuring the view of Party overseers. By describing fundamentals, but hedging ultimate implications of inefficiencies, shortages, and inconsistent information flows, Kornai successfully implied that chronic economic dysfunction was inevitable and that the centralizing Communist Party was its root cause. Those conclusions were easily drawn by interested readers worldwide, including reformers in China, the former Soviet Union, and bloc countries who benefited considerably from coherent analysis of how socialist economies actually functioned. Again Kornai's lifetime strategy succeeded: to attain the largest impact, stick to rigorous but guarded public

scholarship rather than unguarded but limited *samizdat*. A Russian edition of *Shortage* first circulated underground, then sold 70,000 copies when published legally under Gorbachev, and became a non-fiction bestseller in China. While largely an intellectual success, Kornai still had to deal with the everyday overhead of uncertain and malicious political conditions. In his candid memoir, Kornai describes his recent archival discoveries that colleagues and even his closest friends, identified here only by initials, conducted (useless) surveillance of him in Hungary and abroad for decades following 1956. With rare magnanimity Kornai passes no judgment, in part because he knows the impossible choices faced by all Hungarians before the 1990s, but also perhaps because of satisfaction with a productive life unfettered by communist neurosis.

Along with rejecting Marxism, the Party, and political involvement generally, engagement with western economic scholarship was another guideline Kornai set for himself after 1956. Kornai had excellent modeling sense, starting with early applications of linear programming to ''reformed'' multi-sector economies with centralized constraints and production goals. Aided by the late mathematician Tamás Lipták and a small army of computing analysts, Kornai impressed western economists by his analytical acumen and publications in *Econometrica*. An operational approach to economies in terms of industrial sectors, budget constraints, costs, and revenues provided an excellent foundation for later theoretical conceptions, including Kornai's ''soft budget constraints,'' basically safety nets for mismanaged industries. The notion also applies, Kornai wryly points out, to International Monetary Fund bailouts and other ''paternalistic'' features of non-socialist economies.

Kornai's analytical skills were strengthened by western mentors and worldwide exposure, but having seen one god fail, he was wary of intellectual over-commitment. *Anti-Equilibrium* (1971) is Kornai's two-sided critique of neoclassical theory: first, that equilibrium states are atypical, transient, and not necessarily normatively desirable; and more broadly, that axiomatic economics typically fails to incorporate systemic political and social conditions in which economies exist. As a skilled mathematical practitioner, Kornai's complaint about neoclassical methods is in how they are taught and applied, not formalization *per se*: ideologically speaking, how these methods get used to reproduce economic self-consciousness. And it is true that much academic economics isolates useful techniques from problem framing and subsequent interpretative analysis, thus reinforcing ineffective policy discourse and decision-making styles. In a Cambridge interview, Kornai described economics as not being a set of theories or collections of statements, much as it is described by many economists and philosophers of science. He sees it instead as a cognitive style and interpretative apparatus for understanding resource-allocating behaviors and institutionalized values in changing historical settings. In Marxist jargon, it is theory directed to practical action, or ''praxis.'' Kornai considers *Anti-Equilibrium*'s impact to be limited, but his neoclassical intervention again demonstrates Kornai's principled eclecticism as means for changing the world by understanding it. Interesting, too, is a tacit reflection on what may be ''prohibited, tolerated, or supported'' in the neoclassical idiom.

Like its distinguished author, this rich memoir is many-sided and full of useful history: of Stalinist Hungary and the 1956 Revolution, Kornai's own *bildung*, self-censorship and intellectual strategy, mathematical economics and the Cold War,

socialist transformation and Soviet collapse, east-west academic relations, the eclipse of Marxist economics, economics and ideology, Budapest life, and much else. If, or hopefully when, Kornai is awarded a Nobel Prize for Economic Science, it will reflect the remarkable achievements of a powerful mind and great role model who indeed benefited many by his force of thought.

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