

Book review

By force of thought — Irregular memoirs of an intellectual journey, János Kornai

Professor János Kornai has offered us a large treasure of academic writings. Key concepts from his writings, e.g., paternalistic state, soft-budget constraint, shortage, etc., have helped us to better understand socialist and transitional economies, and also important phenomena in market economies. Policy makers in countries on different continents have these concepts in their minds. Many of them directly sought Kornai's advice. *By force of thought*, Kornai is one of the greatest and most influential economists of our time.

What made him such a great scholar? In this memoirs published by MIT Press (2006), Kornai explains his own intellectual journey. The memoirs has 21 chapters, each focusing on a relatively independent set of experiences in his life. Together, these experiences shaped his personal characteristics and his thinking.

What can the reader benefit from reading this memoirs? At least three benefits are prominent. First, the reader can obtain a better understanding of his great thought, when the historical events that inspired him and the evolving but consistent process of thinking are explained. Second, the reader will see how the heart and mind need to work together to make a great scholar. In Kornai's case, it is his noble spirit and personal traits, seen in his concern for public interest, pursuit for social justice, desire for truth, courage, integrity and modesty that guided and propelled him along the journey and made him what he is. Young people who strive for social accomplishment have much to gain by following his suit. Third, for those whose curiosity stretches beyond economics, the book provides ample vivid and interesting account of different aspects of life in various parts of the world in times spanning over 70 decades, with verbal elaboration supplemented by more than a hundred photographs.

Chapter 1 of the book tells his life from 1928, the year he was born in a Hungarian Jewish family, through 1945. The wealthy family allowed him opportunities for excellent education and also ample room to pursue his own curiosity. In this loving family, Kornai grew up with a loving and kind heart and with honesty, respect, independence and tolerance as intrinsic ingredients of him. The traumatizing experience during the Nazi time greatly enhanced his desire for a just society and his appreciation of the kindness of many good individuals who risked their lives to help. It is these personality and moral characteristics that prepared and propelled him to pursue truth and justice in the rest of his life.

Chapters 2 through 4 of the book tell us his life under communism. Chapters 5 and 6 are about his first research effort studying the problem of overcentralization in the Hungarian economy. The debate between Lange and Hayek provided him both inspiration and excitement to further study problems associated with central planning (chapter 7). A thesis on two-level planning, which uses mathematical programming as a tool, was an immediate product (see chapter 8), followed by

Anti-Equilibrium in the 1960s (chapter 10), *Rush versus Harmonic Growth* in the 1970s (chapter 12).

The book *Economics of Shortage* was published in 1980 (chapter 13). This is a book in which pieces of his thoughts on the socialist economy came together and a systematic theory of socialist economy is introduced. It is a milestone in Kornai's journey to join the masters of economic thoughts and to become a brand name of its own. Later, he was joined by other great scholars, e.g., professors Eric Maskin and Richard Quandt, to more fully develop the now well-known concept of soft-budget constraint (chapter 14). However, to finish the chain of thinking in *Economics of Shortage*, Kornai had to wait until 1991 in the book *The Socialist System* (chapter 18), when the political environment in Eastern Europe would allow him to fully discuss how economic phenomena in socialism relate to the political institution.

With a strong sense of social responsibility, Kornai also wrote extensively and contributed many precious insights on issues of great and practical social importance, at times when Hungary experimented with market socialism in the 1960s–80s, (chapter 15) and when it was in transition to a genuine market economy in the 1990s (chapters 19 and 20). He has also been deeply involved in and had a profound impact on China's economic reform process, through the influence of his writings, his participation in academic activities, and his meetings with the political leaders of China (chapter 17). Why are people disappointed and disillusioned about transition? What is the real meaning of the change of system and what to realistically expect of it? Today, questions like these continue to occupy his mind and rank high in his research agenda (chapter 21).

Teaching and student advising, particularly at Collegium Budapest and Harvard University, were also an important part of Kornai's life. He engaged in these activities with an enormous amount of enthusiasm and passion, and enjoyed tremendously both the academic contents of these activities and the great friendship with his students from all over the world including those from China (chapters 16 and 21).

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