

Content

PUBLIC FINANCES

- ISTVÁN HETENYI: *Tax system development trends in the OECD countries; lessons learnt* _____ 3

DEVELOPMENT POLICY

- ÁDÁM TÖRÖK: *Marking time, and what to do instead* _____ 25
ARTILA CHIKÁN: *Measuring the competitiveness of companies* _____ 45
GUSZTÁV BÁGER: *Public-private partnerships and audits* _____ 60

SUPERVISION AND AUDIT

- ISTVÁN FARKAS: *Supervision of the financial markets: Quo vadis domine?* _____ 82

OPINION

- JÓZSEF VERESS: *Subjective diagnosis on the relationship of economic policy and globalisation* _____ 100

BIBLIOGRAPHY REVIEW

BOOKS

- JÁNOS KORNAI: *With the Power of Thought*
(Júlia Király) _____ 109
TIBOR PALÁNKAI: *Economics of European Integration*
(Róbert Becsky) _____ 115
ÁDÁM TÖRÖK–BALÁZS BORSI–ANDRÁS TELCS: *Competitiveness in Research and Development*
(Tamás Balogh) _____ 119

WORKSHOP

- Conference on corruption at the Academy of Sciences* (Gusztáv Báger) _____ 122
Conference on fiscal responsibility (Gy. K.) _____ 125

János Kornai

With the Power of Thought

An Irregular Autobiography

OSIRIS PUBLISHING HOUSE, Budapest, 2005



This book is not a traditional professional autobiography. It is not (more precisely, not only) about works and the conditions in which they were born – wherefore writings responding to the book were either not (or were not only) published in professional journals. In this sense of the word this writing is not a regular book review. Since *With the Power of Thought* is not (only) about the life-work of János Kornai, the reviewer permits herself some subjective digression.

This book did touch my contemporary peers: for our generation (the members of which were born in the fifties and awakened intellectually in the seventies) it is intellectually unavoidable. As it was compulsory to write this book, so was it compulsory to read and take it further. This book means something different for us than for Kornai's generation – whose members have seen and known a lot, maybe even too much. (And I would be really interested in the “grandchild-

dren's interpretation of the book” – if such exists at all).

It is rewarding to write autobiographies, since it is undeniable that we read autobiographies more often than anything else, because we are strongly attracted by intimacies. However, we put down the book with sadness and anger if the author wants to satisfy this attraction of ours with empty phrases and superficial gossip. Naturally, Kornai's irregular autobiography is not like this. Superficial anecdotes and empty phrases are very far from the author. The intimacies of this book are exciting because they reveal the personal details of intellectual, mature and individual responses to the eternal big questions. *With the Power of Thought* attracts me not because it is an autobiography, but because it is about us, about our doubts, speculations, failures and successes. Because finally we had a Hungarian economist, a Nobel Prize nominee, who is acknowledged at Harvard University,

too, whose words count both at home and abroad. (The questions why exactly he reached such heights from among the many outstanding intellectuals of his talented generation, and why the prize was eventually awarded to someone else are not as significant.) His questions, speculations and answers provoke further thinking and often discussions.

However, before I go on to the questions I subjectively selected I must first make a very important statement: the author of this book is a tolerant thinker. One of the most important messages of the book is that we have a choice. "If used for the purposes of positive analysis, it must be determined retroactively, even contrafactually, what possible alternatives we had in the past that were finally rejected. In the case of normative use, we must precisely identify the restrictions that limit our choices definitely independent of us. We have a free choice within the group of the possible alternatives so limited." (pp. 143–144) But the author moves on: he also states that we could choose different paths depending on our personalities and capabilities, and there is no such thing as a definitely superior life path. There exist several optima, and the different algorithms may converge towards several solutions. The acceptance of being different, the understanding of a different life philosophy, the first hand experience of conflicts and the management thereof in a non-violent manner, i.e. behavioural tolerance have become the author's fellow traveller for life after he got over his own fifties.

■ **THOSE INFAMOUS FIFTIES.** One quarter of the book is devoted to "those infamous fifties" Those who knew, and those who did not about Kornai's past at *Szabad Nép*¹, are equally eager to learn: how one of today's greatest thinkers reflects on his own intellectual emptiness fifty years ago? He does it credibly. I believe this is the greatest acknowledgement János Kornai can receive for telling about the star journalist work-

ing for *Szabad Nép* in the 1950s: the story he is telling us is credible. He did experience those years like that, with unbound confidence typical in sleep-walkers, then uncertainty and finally with the bitter awakening of a somewhat ignorant and uneducated eighteen-year-old young man. He portrays himself as ignorant and uneducated despite the family culture he brought from home – he depicts himself as an intolerant young man who did not think and who was pleased with freedom and life in an irresponsible manner. It is difficult to face a child's question: "Father, you are a sensible man. How could you have been such an idiot?", asked his son, András a decade later, and Kornai tries to answer it throughout more than one hundred pages. We receive an accurate and authentic description about the power of faith, from the stages of becoming a communist to losing faith. Kornai himself acknowledges: he was lucky in a certain sense of the word. He was lucky that it was not his intellect that made him serve faith, but vice versa. Kornai considers himself "lucky" that he is able to declare of his early essays – when he says he still had "faith" – that "their intellectual rigourlessness is striking."

János Kornai's "awakening" is credible. The description of his conversation with *Sándor Haraszti* is soul-stirring. It was this conversation which made him realize that certain moral boundaries cannot be transgressed and humiliation of a man by another man cannot be justified by any ideology. "The thought that in the 20th century people were tortured on purpose for any reason was almost unbearable for me." (page 74) In Kornai's moral system faith can in no conditions be superior to man. However, this phrase, which seems moral in the first reading is a well-considered, clear, final and compromise-free decision that obviously counts with the consequences: in himself the author "attaches zero value" to Marxism, which he considers the number one cause of his blindness. János Kornai had no other choice: he realizes his own low standards (he

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writes about his essays from that time with cruel honesty) and chooses a new path, which could only be something totally different from the one he had followed “with faith and in dream”.

This choice is respectfully brave and consistent, but at this point he also depicts all those thinkers – *Ervin Sinkó's Optimists*², including *George Lukacs* (who cannot be accused of intellectual emptiness at all) and many unsurpassable 20th century thinkers, who built faith from their intellect, and who did not attach “zero value” to Marxism later either, and who became and perhaps remained (up to now) Marxists in a more enlightened manner.

■ ABOUT SCIENCE AS A FORM OF LIFE. The central thought of the second part of the book is whether or not science exists as an “active” form of life. Already in his young adulthood, the author got fed up with activist journalism, and through this, with active intervention into people's lives, which he later considered intolerant. As a conclusion of his deliberations between 1954 and 1959, he decided that in the greater part of his life he would work as a non-politicking researcher scientist, and would try to be loyal to this decision to the end of his life. “My profession would be scientific research instead of politics. I do not undertake the heroic and illegal forms of combat against the communist system. I wish to contribute to renewal with my scientific activity.” (page 144) This statement contains a double rejection: saying no to the attraction by the existing power and saying no to the explicit opponents of this power. No matter how strange it may sound: both denials require courage, since moral exclusion (“you are a coward if you are not with us”) is not easier to bear than a possible repression for saying no to power. It is difficult to remain loyal to this crystal clear behavioural model. It is difficult to remain local due to the double grip of power – to reach the always blurred boundary between support and prohibition, and it is also difficult to

remain loyal in Kossuth's country due to the feverish moral pressure of the barricade fighters. In this country you must always go to the barricades, and always flaunt banners. If you do not meddle into politics or resist power means that you are a coward. I hope that one day we cease to be the country of ten million Lajos Kossuths, and we realize that we need not always flaunt banners to be morally consistent. The author faces the difficulty of absence and of being an outsider several times. Actually, he was several times tempted to give up the voluntarily undertaken ostracism, but according to the book, finally he always decided not to join the bandwagon – he said no to power and the opponents of power, too. I would like to believe that this life strategy, which is not necessarily about winning and fighting, can be a positive example, too.

This type of exclusion does not mean that we need to renounce the obligation to stand up for the principles. If we look at Kornai's life, we can find two major moves in his recent past which support this idea. His support of the Bokros package³ undertaken explicitly at each platform, and his resignation from his membership in the monetary council in 2001 prove that one does not need to go to the barricades to remain loyal to his principles. (Yet, his contemporary peers may judge him differently, possible because they know a lot, or maybe too much).

■ ABOUT SCIENTIFIC RIGOUR AND ORIGINALITY. Probably I am not the only reader to be astounded by the rejection of a paper that János Kornai sent to the *American Economic Review* for publication. Firstly, because he is one of the most often published and cited author in foreign journals (apart from *András Bródy*, but I will not discuss Bródy's genius here). Secondly, because in response to his rejection he writes about the requirements set for scientific papers. According to him, original thoughts often go unpublished because the editors and referees are the slaves of shapes and prejudices, and they

often fail to notice original thought, the thought that can be taken onwards in the disorderly and scruffy piece of writing. It is not the statement that strikes us, since we see the basic principles of editing in a similar way (“materials to be published should be already somewhat part of canonized science”), but because Kornai is typically known for always being able to write in a way that his writings would fit into the canon. As a disciplined scientist he has always paid special attention to the fact that any piece of work he releases should not only be original, but also disciplined, well structured and accurately precise¹.

Kornai is a synthetizing writer. He “walks around” his subject meticulously and without compassion, and he thoroughly analyzes every detail. He complies with totally different scientific requirements than the so called reform economists popular at that time. Reform economics is always normative, while Kornai is much more descriptive and reflective. The two basic standpoints can be well compared in two basic works that were written at around the same time: the description of the Hungarian reform economy by Kornai was published at the end of 1986 under the title *Visions, Hopes and Reality*², when the Hungarian manuscript of the almost revolutionary, generation awakening *Fordulat és reform* was completed by László Antal et al³. The topic of the two writings are almost the same – yet different. Some of us feel to be closer to the former, while others to the latter. At that time I nearly paid with my human relationships for claiming that although *Fordulat és reform* was politically much more important, it was not a really good piece of work, while *Visions* was a masterpiece. (Well, we are still on different sides with my old partners in debate, but I hope that we have become tolerant enough to forgive one another for our different tastes.)

One more note about the rejection of the paper: Lucas’s fantastic *Neutrality of Money*, which was written in a different framework of thoughts than the then dominant trend, was out

of the “canon” (friction markets were uncomprehended then), and was also rejected by the *American Economic Review*, and was published in the *Journal of Economic Theory* without any feedback. Yet, twenty years later everybody said how fantastic they had considered it already at that time. I believe that rejected “great papers” outnumber those accepted.

■ THE “CLASSICS”: OVERCENTRALIZATION, HARMONIC GROWTH, TWO-LEVEL PLANNING, ANTI-EQUILIBRIUM, ECONOMICS OF SHORTAGE. It was a strange experience to see the past, the genesis of these books, the focal points that the author found important, and it was strange to get to know these books in his own interpretation. And something else was also strange: to realize that our generation grew up partly on these books. Despite the fact that Kornai was not admitted to the university, we read his above-mentioned books during our university years, and all of these books influenced our way of thinking. Every book by Kornai was “mandatory literature” in the “Rajk”⁴, where the students were given not the “mandatory literature prescribed by the university”, but also Bródy, Augusztinovics, Antal, Bauer, “Sóska”, Liska and Tardos⁵, as well as Bibó, Edgár Balogh and Petri in addition. It was a matter of fact for us that the command economy was a malfunctioning system. We wanted neither to reform it, nor improve it; we accepted the fact that it existed, and wanted to understand it. Kornai helped us a lot in this aspect. It does not mean that all of us joined the Kornai school. What is more, it happened several times that we made mincemeat of the empirical analyses of the disciples of Kornai with the confident conceit of young economists.

We became familiar with the book *Harmonic Growth*⁶ in the second year. We still had vivid memories of the intellectual emptiness of the political economics of communism we had just gone through. At that time, when the impacts of the oil price explosion had just reached Hungary

(although great efforts were made to hold them back at the borders, and the same is recommended to our present prime minister by some know-alls), and simultaneously, terms like “indebtedness”, “inflation”, the law of “proportional and planned development” – which were unbeknown to us before – seemed to be nothing but mere imagery. *Rush versus Harmonic Growth* was in line with this new experience; it stated that the restoration of proportionality and the equilibrium was not an innate attribute of the communist economy, but a state to which this economy did not converge. Instead, rush growth triggers newer and newer inequalities.

■ KORNAI-LIPTÁK MODEL. At the same time – while we were getting familiar with the input-output methods (and simultaneously with Lange, Bródy and Augusztinovics), the ÁKM (sectoral relationship balance) models and the plan models – we became aware of the Kornai-Lipták model of two-level planning. Although at that time we were still unaware of the background and the failures of the practical implementation thereof, the model's mathematical ingenuity was fascinating. No wonder that the writing that served as a basis for the model was published by *Econometrica* in 1965 without any modifications⁷! Eventually, due to the algorithm's convergence to more than one optimum, the two-level planning model failed, however the lessons learnt were useful for the subsequent steps.

In the third year we had to read *Anti-Equilibrium*⁸ (published in 1971) in parallel with the principle of equilibrium which was discovered within a subject then called “mathematical economics”. After the emptiness of the political economics of communism the *Arrow-Debreu* model was an intellectual pleasure for us, wherefore the work Kornai still considers one of most significant ones did not prove to be a colossal success. It could not suggest the same “completeness” as the general principle of equilibrium it meant to knock out from its unchallenged

position. Finally, the general principle of equilibrium renewed not along the counter-arguments formulated in *Anti-Equilibrium*, but it was able to integrate the “friction” within its own, confined framework of thoughts. Asymmetric information theory was able to explain several empirical “frictions” – the automatic adjustment of wages in line with inflation, the apparent effectiveness of economic policies – without discarding the framework of analysis. *Anti-Equilibrium* made a major impact on several of our peers of ours, as its after-shocks could be felt for years in the form of scientific student papers and theses.

■ ECONOMICS OF SHORTAGE.⁹ In our last year at university – at the dawn of our repeated intellectual awakening – we were able to believe that this system could also be judged with scientific rigor. The book was unanimously a sweeping success. In the fall of 1980, the then-largest auditorium (Auditorium I) was packed with hundreds of students, graduates, alumni, economists, lawyers and engineers who listened to Kornai's lecture. This was his debut at the university – the *Economics of Shortage* could no longer be kept outside the walls of the university:

A major part of the audience was far beyond the question regarding whether or not communism could be reformed. It was obvious for them that it could not. This rejection is described distinctly in the *Economics of Shortage*. “The shortage economy is the inevitable, system specific feature of the communist system. The reforms may alleviate the problems but cannot eliminate them.” (page 251) While reading the irregular autobiography it was strange to see that this denial, i.e. the irreparability of the system was not explicitly stated in the book. For many of us, *Economics of Shortage* intellectually put an end to communism once and for all. It was completely obvious that this system was bad and wasteful as it was. The book proved this with the use of plenty of terms and scientific rigour. *Economics of Shortage* also made it clear that the system

would live on because there was a political will to keep it alive (which seemed evident in 1980, in the year when the book was published), but this was an inherently malfunctioning system impossible to reform. In this respect Economics of Shortage was in debate with reform economics pursued in those days – no wonder that it became mandatory literature at all “open universities” that were held at several places already.

The life-work of Kornai was far from being complete after the publication of Economics of Shortage – and similarly, the irregular autobiography tracks the birth and reception of the “heated pamphlet” the “description of the socialist system” or the “healthcare reform”. Yet, now we treat these works as stepchildren and stop at the major turning point in our lives, the “change of fortune” in 1990.



Unwittingly, this review is about the “subject” of the book, János Kornai. And what is the book like? It is a “classic” Kornai work: on one hand it is a sweeping and fascinating essay (many of us have read it in one sitting), on the other it is

a scientific analysis about János Kornai written in an almost dry, analytical style with meticulous footnotes and precise references. It is an irregular autobiography.

Júlia Király

NOTES

¹ For many years János Kornai's paper (Adjustment without recession (Kiigazítás recesszió nélkül), *Közgazdasági Szemle*, vol. 43 No. 7–8 pp. 585–613) published in 1996 was mandatory literature for my last year students so that they would learn about the requirements of publication, the meanings of scientific rigour, the formulation of the question, arguments against ourselves, the consistence of exposition, support with arguments and empirical support.

² The Hungarian Reform Process: Visions, Hopes and Reality, *Journal of Economic Literature*, vol. 24 No. 4 pp. 1687–1737

³ ANTAL et al. (1987): Fordulat és reform (Change and Reform), *Közgazdasági Szemle*

⁴ L. RAJK College: a college of Karl Marx University of Economics established in 1975, whose first and only director was Attila Chikán.

⁵ M. AUGUSZTINOVICS AND A. BRÓDY were the most significant economist researchers of that time, while László Antal, Tamás Bauer, Attila Károly Sós, Tibor Liska and Márton Tardos were the outstanding, most often published authors of reform economics.

⁶ J. KORNAI (1972): Forced versus Harmonic Growth, *Akadémiai Kiadó*, (Hungarian version)

⁷ J. KORNAI–T., LIPTÁK (1965): Two-Level Planning, *Econometrica*, vol. 33 No. 1 pp. 141–169

⁸ J. KORNAI (1971): Anti-Equilibrium, *Közgazdasági és Jogi Könyvkiadó*, (Hungarian version)

⁹ J. KORNAI (1980, 1989): Economics of Shortage, *Közgazdasági és Jogi Könyvkiadó* (Hungarian version)