

Biography

János Kornai is Allie S. Freed Professor of Economics Emeritus at Harvard University.

Professor Komai was born in Budapest, Hungary in 1928. He studied history and philosophy at the Budapest University. After his appointment in 1986 as Professor of Economics at Harvard University till his retirement in 2002 he divided his time between Cambridge, Massachusetts and Budapest, Hungary, where he was a research professor at the Institute of Economics of the Hungarian Academy of Sciences till 1992 when he became a permanent fellow of the newly established Collegium Budapest, Institute for Advanced Study.

Professor Kornai's first encounter with economics was his being appointed economics editor of a daily with the largest circulation in Hungary, which offered him the chance to observe the socialist economy from within. In 1955 he entered the newly founded Institute of Economics of the Hungarian Academy of Sciences, and in the following year he produced the book *Overcentralization of Economic Administration*. This was the first critical book on the command economy written by an "insider," that is, by a citizen of a communist state. The book was his Ph.D. thesis.

In the late 1950s, he was among those initiating the use of mathematical methods in socialist planning. He elaborated the theory of two-level planning with Tamás Lipták and directed the first large-scale economy-wide multi-level planning project. Experiencing the limits of planning led him to an increasing interest in theoretical foundations. *Anti-Equilibrium* (1971), a controversial essay criticising Walrasian neoclassical economics, suggested new approaches to studying chronic non-Walrasian states and price- and non-price signals. In his personal intellectual development, this book was a preparation for the task that followed: enquiry into the nature of socialist systems. Issues like chronic shortage, forced growth, the soft budget constraint syndrome, bureaucratisation, and conflicts between socialist principles and efficiency became his main concern. This resulted in a number of journal articles and a monograph, *Economics of Shortage* (1980), perhaps his most influential work. It has

been translated into many languages, including a 100,000-copy printing in Chinese. The book demonstrated that chronic shortages are not the consequences of planners' errors or the wrong prices, but rather systemic, that is, the inevitable consequences of the "classical" communist system.

Professor Kornai started work in 1988 on a book summarizing his life's study on socialism, published in 1992 as *The Socialist System. The Political Economy of Communism*. It presents a synthetic analysis of the political, social and economic attributes of the system. At the same time, he turned his attention to the task of analyzing post-socialist transition and formulating policy recommendations. His book *The Road to a Free Economy* (Hungarian version, 1989; English version, 1990), which has been published in seventeen languages, was a pioneering study of stabilization, liberalization, and privatization. Many of his subsequent writings dealt with macroeconomic aspects and the interaction between politics and economic policy in the period of post-socialist transition. These writings were published in two volumes, *Highway and Byways* (1995) and *Struggle and Hope* (1997). He also produced several studies on the reform of the welfare system. He summarized his views on the subject in the book, *Welfare in Transition* (2001) co-authored by health economist Karen Eggleston, a former student of his at Harvard.

Professor Kornai's recent work has centred on issues concerning the redefinition of the role of the state in a post-socialist society in general, and reforming the state's activities in the area of social policy in particular. At present he leads a comprehensive research project, *Honesty and Trust in the Light of Post-Socialist Transition* at Collegium Budapest, where he now is an emeritus fellow.

Professor Kornai's works have been translated into Arabic, Bulgarian, Chinese, Czech, Croatian, English, Estonian, French, German, Greek, Hebrew, Italian, Japanese, Polish, Portuguese, Rumanian, Russian, Serbian, Singhalese, Slovak, Spanish, Tamil, Ukrainian and Vietnamese.

Professor Kornai's early monograph *Overcentralization* created a stir in the West, and from 1958 onward he received many invitations to visit foreign institutions. However, he was denied a passport by the Hungarian authorities and was not allowed

to travel until 1963, after political repression had begun to ease. He had several visiting appointments at universities in the United States and elsewhere including the London School of Economics, Stanford, Yale, Princeton and Stockholm University. He received honorary doctorates from the universities of Paris, London, Amsterdam, Budapest, Poznan, Wroclaw, Torino, Debrecen and Stockholm. He is a Member of the Hungarian Academy of Sciences and the European Academy, Foreign Member of the American, British, Swedish, Finnish, and Russian Academies, and Honorary Member of the American Economic Association. He was awarded the State Prize and the Széchenyi Prize in Hungary, the Humboldt Prize in Germany, and the Seidman Award in the USA. He became Officer of the Ordre National de la Légion d'Honneur, and was awarded the Commander's Cross of the Hungarian Republic

Professor Kornai served as President of the Econometric Society in 1978 and President of the European Economic Association in 1987. He was member of the Board of the National Bank of Hungary, the Hungarian central bank in 1995–2001, and was elected President of the International Economic Association in 2002.

Professor Kornai is married to economist Zsuzsa Dániel. They have three children and seven grandchildren.

For further information see

An Interview with Janos Kornai by Olivier Blanchard. *Macroeconomic Dynamics* No. 3. 1999, pp. 427–450

A Short Biography of János Kornai in Eric S Maskin and András Simonovits (eds.), *Planning Shortage and Transformation. Essays in Honor of Janos Kornai*. Cambridge, Mass.: MIT Press, 2000

The Trials of Socialism and Transition. Janos Kornai interviewed by Brian Snowdon. *World Economics* 4 (1), 2003, pp. 33-72

For the Birthday of Janos Kornai. A tribute by Katalin Szabo. Forthcoming in *Hungarian Quarterly*