

## Personal Reminiscence of János Kornai

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On October 18, 2021, Kornai (1928-2021) passed away at the age of 93. Although he was a socialist economist, his *Anti-Equilibrium* (published in Hungarian in 1968, English in 1971, and Japanese translation in 1975 by Nihon Keizai Shimbun) attracted the attention of the leading figures of mainstream economics (neoclassical economics), which marked the beginning of Kornai's career on the international stage. Many universities invited him to be a visiting scholar, and he spent the 1972-1973 semester at Stanford University on the recommendation of Kenneth Arrow. His lab neighbors at the time were Prof. Hirofumi Uzawa and Prof. Masahiko Aoki. This was the beginning of the relationship between Kornai and both Uzawa and Aoki, two big Japanese economists.

Kornai's turbulent life is described in detail in his autobiography (Kornai Janos, *Gondolat erejével*, Osiris, 2005. Japanese translation, Nihon Hyoronsha, 2006). In the translator's afterword, I wrote my relationship with Kornai and my assessment of Kornai economics in Hungarian (Morita Tsuneo, *Változás és örökség*, Balassi kiadó, 2014).

In 1990 and 1991, the Nihon Keizai Shimbun (NIKKEI) asked me to comment on the Nobel Prize awarded to Kornai if he got it. The expectation that his theoretical role in the collapse of socialism in the Soviet Union and Eastern Europe would be recognized was not met with success, and the comments I prepared were put on hold. Kornai must have been hoping for a "maybe" after that, but he passed away without getting any good news. There have been very few cases where the Nobel Prize in Economics has been awarded to an analysis of political economy (social philosophy), and in recent years there has been an increasing concentration on applied mathematical analysis, so I thought it would be difficult.

### **The Kornai Boom that Swept the 1980s**

Kornai's "Economics of Shortage", which describes the socialist economy from the perspective of "anti-equilibrium," is a system of analysis that describes the functioning mechanism of the socialist economy from the phenomenon of commodity shortages (imbalances). Throughout the 1980s, Kornai's "Economics of Shortage" fascinated economists studying socialist economies. It is not an exaggeration to say that the socialist economics of the 1980s was dominated by the Kornai boom.

In 1985, he was invited to China by the Academy of Social Sciences and the World Bank as one of seven invitees, along with Tobin and others, to participate in meetings and seminars with Prime Minister Zhao Ziyang and young economists. China's push for reform and opening up

required a theory to back it up. Young Chinese researchers looked to Kornai for the foundation, and his works were translated into Chinese one after another, and *Economics of Shortage* became a best-selling social science book.

In the Soviet Union and Eastern Europe, the economic stagnation led to an increase in political activity, and dissidents looked to Kornai for a rationale for regime change. As long as the socialist economy continues, the shortage of commodities will never be solved. Kornai's book was published legally and illegally and was read by intellectuals in the Soviet Union and the Eastern Bloc, and "Have you read Kornai?" became the greeting among intellectuals. The collapse of the Eastern Bloc in 1989 and the collapse of the Soviet Union in the early 1990s marked the end of the history of 20th century socialism.

In January 1983, the year before Kornai was invited to Harvard, he visited Japan for the first time at the invitation of Hosei University. This was the beginning of the Kornai boom in Japan.



Japanese translation of *Anti-Equilibrium* published by NIKKEI in 1975

### **Behind the Scenes of the Invitation of Kornai to Japan**

*Anti-Equilibrium* was published in Japanese in 1975, but soon after the English version was published in 1971, my graduate school colleague, Mr. Masaaki Kuboniwa (Professor Emeritus at Hitotsubashi University at present), asked me if I would translate it with him. Without any connections with publishers, there was no way that a translation by a graduate student could be published, but while we were hesitating, the Japanese translation was published. I was surprised that a thick and difficult book was published. The translators were a physicist, Junko Iwaki (a lecturer at Obilin University at the time of publication), and an economist, Hiroshi Iwaki (an assistant professor at Takasaki University of Economics at the time of publication), who had studied in Hungary. They were suitable translators. When I met Mr. Iwaki afterwards, he told me

that he accompanied his wife to study in Hungary because he was a post-doctoral fellow and had no job. It is noted that the publication was mediated by Yoshiro Tamanoi (professor at the University of Tokyo) and Masahiko Aoki (professor at Stanford University). The theme of the book is fascinating, but I think the actual number of copies sold was less than 500. Only a limited number of experts would have purchased it. Later, in 1982, when I approached Nihon Keizai Shimbun about the possibility of publishing a translation of Kornai book to coincide with his visit to Japan, they refused, saying, *Anti-Equilibrium* was a loss-making publication. It was rejected because it was unprofitable.

During the period of my study in Hungary (1978-1980), I did not have Kornai in mind at all. In the spring of 1982, during a short trip to Hungary, I visited Kornai for the first time at the Institute of Economics attached to the Academy of Sciences, received a paper related to the Economics of Shortage, and discussed the possibility of translating and publishing the book in Japan and going to Japan.

At that time, the Faculty of Sociology at Hosei University, where I worked, was discussing the possibility of holding an invited lecture to celebrate its 30th anniversary. However, the Faculty was a stronghold of people who had graduated from the Department of Sociology in the Faculty of Literature at the University of Tokyo, and I was afraid to interfere as a young researcher in a different field. However, the faculty of Sociology, Hosei University itself consists of two departments, the Department of Sociology and the Department of Applied Economics, so sociologists were not the only ones who had the right to choose an invited lecturer. The name of Donald Dore, a British sociologist, was mentioned as a candidate for the lecture, but some people thought it was a little too moon batty, and the selection did not go ahead. So I suggested that Kornai would be a good choice. The name was new to the faculty of the Department of Sociology. No one knows him. It seems that my colleague sociologists approached their economist friends and acquaintances and asked them what they thought of him. It turns out that "The Economics of Anti-Equilibrium" is getting a lot of attention from the experts. Someone said, "It could be a candidate for the Nobel Prize in Economics". So it was not a bad candidate.

At that time, Hosei University was facing the issue of relocating its city center campus, and the Faculty of Sociology and the Faculty of Economics were considering relocating. The young faculty members, who had spent their undergraduate and graduate years during the era of violent student movement, were disappointed with the dilapidated city campus and thought that the university should revitalize itself through relocation. In the end, the Faculty of Economics and the Faculty of Sociology, both of which have many active young faculty members, came forward to relocate. The biggest obstacle in the decision to relocate was the student's autonomy problem that Hosei University had been facing for many years. The student's autonomy had already been inactive for a long time, and an violent ultra-leftist group dispatched activists from the headquarter

outside campus to threaten the members of the Faculty of Economics and the Faculty of Law, and to monopolize the student's autonomy fees that the university had been collecting on behalf of the students. For the ultra-leftist group, if they are unable to receive the fees of the autonomy due to the campus relocation, they will lose a major source of funding. For Hosei University, the campus relocation was a battle to revive the university. The faculty of the Faculty of Law gave up the idea of relocating early on due to their weakness to withstand the threats of the extreme leftists and the pragmatic reason that the city center is convenient for work outside the university.

In this context, I was appointed deputy head of the faculty in 1981. After nearly two years of leave in Hungary, I was asked to serve the faculty by becoming a faculty liaison officer for the student government. A sense of self-protection was spreading among the faculty: 'If someone else can protect us from students' problems, we can be safe'. The older members of the Faculty took the attitude that if the younger members of the Faculty took control of student affairs, they could do what they wanted, and therefore if the younger members pushed hard enough, they could realize their demands. In the end, the faculty decided that "since Morita is doing the dirty work of student affairs, if he wants to invite Kornai so eagerly, let him have his way. But no one will help him. He should do it by himself". That's how the faculty's decision was born.

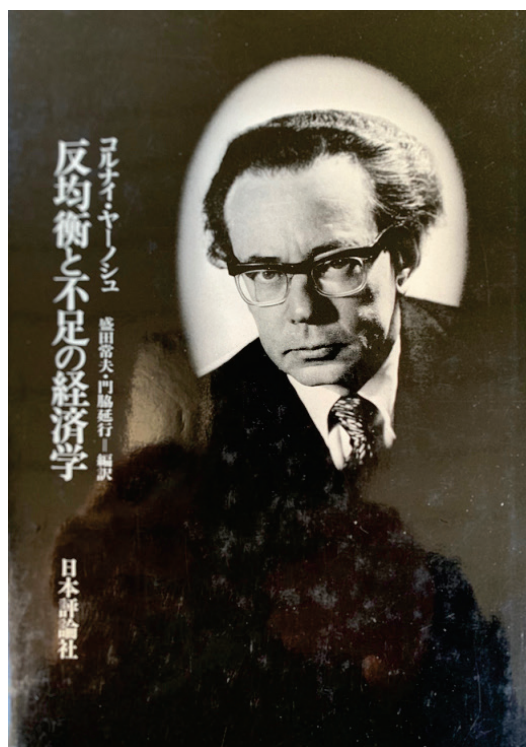
The new fiscal year had already started, and I had to start with the budget interception. I had to negotiate the budget with the administrative staff of the International Exchange Center, communicate with Kornai for travel, secure inexpensive accommodations, organize the memorial lecture and international seminar, organize the memorial party, make a list of seminar invitees, request lectures at universities other than Hosei, prepare the program, and take a trip to Hakone and Nikko after the lecture. I made all the arrangements by myself. I asked Prof. Uzawa to prepare Kornai lecture at the University of Tokyo, but he said, "The faculty don't get paid much, and it's hard to get people together, so please give me a break. In return, I will help you in any way I can". So I asked him to front the commemorative lecture and chair the international seminar. I asked Prof. Aoki to organize the lecture at Kyoto University. I remember that Prof. Otsu of Kobe University offered him an apartment in Kyoto as his lodging.



**Kornai at Hosei University in January 1983**

After the seminar on "The Economics of Shortage," a small group of us had a private meeting with Kornai at Hosei University's Hakone villa as part of a short trip. I remember announcing after the seminar that anyone who was interested was welcome to attend. In addition to my friends at Hitotsubashi University, participants in the Hosei International Seminar expressed their intention to attend, but their memories of the event had faded. However, when the international symposium was held at Nihon University last year, Satofumi Mizohata (at present Professor Emeritus, Kyoto University) said, "You introduced me to Kornai as a graduate student who had just started the doctoral course at the 1983 seminar, and I followed you to Hakone". I was surprised to hear him say, "I think that series of encounters at that time became the starting point of my research". Nostalgic memories suddenly came back to me.

Just recently, when I was sorting out my bookshelf, I found a set of files with all the materials related to the Kornai invitation. Nostalgic handwritten documents, letters exchanged with Kornai, and programs that I had kept as a memory were still there.



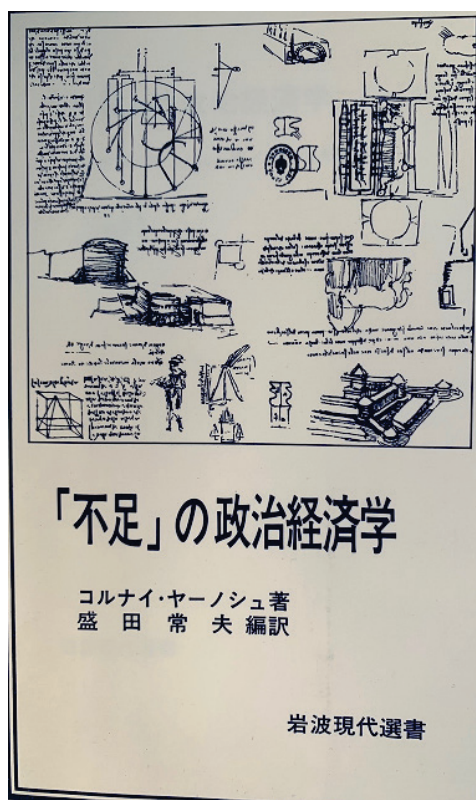
*Anti-Equilibrium and the Economics of Shortage, Nihon Hyoronsha, 1983*

Collection of Articles edited and translated by T. Morita

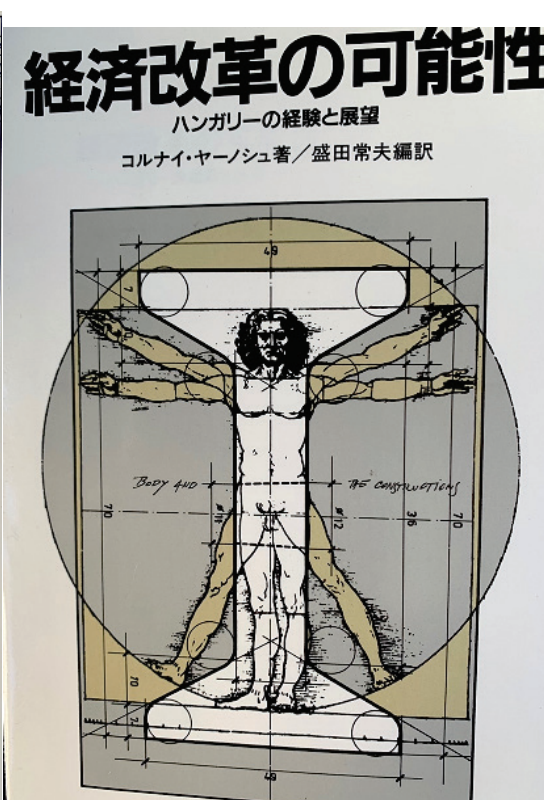
### **Behind the scenes of translation and publishing**

On the occasion of Kornai's visit to Japan, I published a collection of his articles (*Anti-Equilibrium and the Economics of Shortage*, Nihon Hyoronsha, 1983). It so happened that the editorial board

of "Keizai Hyoron (Economic Review)" was interested in Kornai and asked Nihon Hyoronsha to publish the book. Both the author and the translator received no royalties. The editors of the *Economic Seminar* agreed to publish a transcript of Kornai's memorial lecture. In addition, through the mediation of Prof. Tsuneaki Sato (professor at Yokohama City University at that time), it was decided to publish a collection of articles, including the anniversary lecture, as one of the Iwanami Shoten Modern Selected Books (*The Political Economy of 'Shortage'*, Iwanami Modern Selected Books, 1984). The book sold well, so in 1986 I published another book, Kornai's *The Possibility of Economic Reform*, also in the Modern Selected Books series.



*Political Economy of 'Shortage', 1984*



*Possibility of Economic Reform, 1986*

Collection of articles edited and translated by T. Morita

To tell the truth, I should have translated Kornai's large book *Economics of Shortage* in its entirety, but I could not expect to sell enough copies of the large work to pay for the publication costs. So, I substituted it by editing a collection of easy-to-read articles. In Western countries, the original whole text was translated and published as it is, but in Japan, where publishing subsidies are not readily available, we had no choice but to do this.

The first translation, published in 1983, was still done by hand on manuscript paper, but soon a UNIVAC word processor was installed in the faculty of sociology. This was a large, early

machine, about the size of a TV set, using 8 inch floppy disks, and probably cost about 2 million yen. From then on I used this machine for all my writing and translation work. I remember that it made me much more productive in translation. I used it for 7-8 hours every day. As I was the only one using it, I deprived other colleagues of the possibility of using it, but as the university research rooms were little used by professors, I did not receive much criticism. As I was responsible for the student autonomy, I was on campus every day, so the fact that I was practically taking an expensive word processor into my own hands was tolerated.

Later, from 1988 to 1990, I worked for two years at the Japanese Embassy in Hungary as a special research attaché at the Ministry of Foreign Affairs. Less than ten years after my return from Hungary, I managed to get the faculty council to approve my leave, but was initially told that it was unacceptable for me to leave the university. I was granted the leave because I continued to work as faculty vice Dean for two years even after accomplishing the campus transfer. So the decision was made, "The campus move is done and the leave without payment is acceptable".

In January 1990, at the request of the Tokyo Shimbun (daily newspaper), I had the opportunity to travel to Boston Cambridge to interview Kornai. I travelled from Budapest to Harvard University for four days and three nights to visit Kornai. I interviewed in the elegant apartment where Kornai and his wife, Zsuzsa were staying, and he gave me a tour of his laboratory at Harvard University. The laboratory was spacious and his assistant, Margit, who accompanied him from Hungary, was going about her daily work. We passed by Professor Galbraith in the hallway whose room was near Kornai's. A transcript of the interview also appeared in the October-November-December 1990 issue of the *Economic Review* (Japanese).

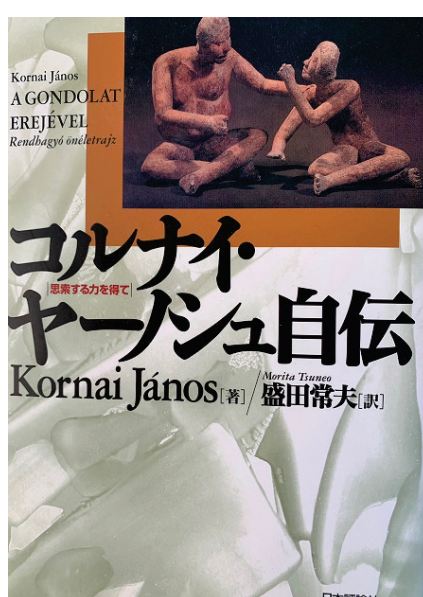
After the system transformation began, I stopped translating Kornai's work. I was bothered by the lack of sharpness in his work, his analysis becoming tedious, and his tendency to flattering mainstream economics. In my place, Professor Sato took over the translation of Kornai's work, and translated *The Road to a Free Economy* (Japanese translation published by Nihon Keizai Shimbunsha, 1992).

In the spring of 2005, I received a call from him and was invited to his home. He had retired from Harvard University in 2002 and moved to a newly built apartment in the hills of Óbuda. Over lunch, Kornai asked if I would be interested in translating his recently published Hungarian autobiography (*A Gondolat erejével*, Osiris, 2005) into Japanese. I was unaware that the autobiography had been published. I promised to reply after reading through it, and we parted that day.

When I got home and started reading, I couldn't stop it. The story of Kornai's life is described in great detail. The narrative is multifaceted, and the writing style is good. I thought that even if it was a large book, there would be a good demand for it, so I immediately started translating it.

However, no matter how interesting the book was, it was the autobiography of an economist

who was not well known to the general public, and it was not easy to sell a book of over 400 pages. In the end, I asked Mr. Hiroshi Saito of the chief editor of Nippon Hyoronsha to review the translated manuscript and come up with publishing conditions. Mr. Saito agreed to publish the book and he proposed to contribute personally to covering a part of the initial costs of publishing. In the end, it was decided that Mr. Saito and I would split the initial cost of the project, and the translator's royalties would be used to compensate Mr. Saito's contribution. When I told Kornai about the publishing situation in Japan and our plan, he said, "In that case, I'll waive my author's royalty".



**Japanese translation of Kornai's autobiography (A Gondolat erejével, Osiris, 2005)**

Translated by T. Morita and published in 2006

In June 2006, one year after receiving the Hungarian book from Kornai, the Japanese translation of Kornai's autobiography was published. The Japanese translation became the first foreign language translation of Kornai's autobiography (A Gondolat erejével). Since then, translations into English, French, German, and other languages have been published one after another. Reviews of the book appeared not only in daily newspapers but also in weekly economic magazines, and it was ranked among the top ten best economic books of 2006 by Japanese *Weekly Diamond*. This was an unprecedented ranking for a technical book. Prof. Aoki also contributed a long book review to the Nihon Keizai Shimbun (NIKKEI). Despite being an expensive technical book, the number of copies sold increased and it was able to achieve profitable sales, covering the publishing costs. We were able to increase the number of copies to the third printing of the first edition, which was an excellent achievement for a technical book. At least the publisher did



not lose any money, and the translator's royalties covered a large part of Mr. Saito's contribution, although it was not entirely paid off.

When the first edition was printed, we modestly celebrated the publication at an Italian restaurant in Akasaka, Tokyo with Prof. Sato, Prof. Kuboniwa and Mr. Saito. In Budapest, Ambassador and Mr. Teruyoshi Inagawa arranged a dinner for us with Kornai and Zsuzsa.



Kornai at the book launch party (Spring 2009 at the Marriott Hotel)

In 2009, I published a collection of essays in Hungarian (*Változás és örökség*, Balassi Kiadó, 2009), in which I developed my personal views on Kornai's economics in one chapter. I distinguished between the social role played by his work and the effectiveness of the theory itself, and cautioned against overestimating the role of the latter. Although he doesn't explicitly state it, Kornai is well aware of the criticisms of himself and his theory. "I'm aware of the critical comments. It's a balanced assessment," he told me. Kornai and Zsuzsa also attended the launch party of my book in Budapest, where about 50 people gathered and made a speech.



Zsuzsa (left) and János (right)

After that, Kornai asked me about the possibility of translating and publishing his essay on capitalism (*Dynamism, Rivalry, and the Surplus Economy*, Oxford University Press, 2014), but I declined it softly because it was not likely to sell very well. In my place, Prof. Mizohata took over the translation (Mizohata et al., *On the Nature of Capitalism*, NTT Publishing, 2016). I guess he was returning the favor to Kornai from whom he got inspiration as researcher of socialist economies.

### **The Nobel Prize in Economics**

From 1976 to the following year, Kornai spent time in Sweden as a visiting scholar at Stockholm University. It was during this period that he wrote in his autobiography that the whole idea of "economics of shortage" was completed. This period was also important for the Kornai family in other ways.

Kornai and his wife, Zsuzsa, were both remarried, Kornai with two sons by his first marriage, Zsuzsa with her daughter, Judit. Judit was with them in Stockholm. And there, Judit met and married Jürgen Weibull, a young researcher in mathematical economics. This marriage had many meanings.

It was Arthur Lindbeck (professor at Stockholm University) who invited Kornai to Sweden. Lindbeck was a leading figure in Swedish economics who had been a member of the selection committee for the Nobel Prize in Economics since 1969 and chairman of the selection committee since 1980. Weibull, who married Judit, was Lindbeck's assistant and was responsible for researching and reporting on the research achievements of the candidates according to the instructions of the selection committee for the Nobel Prize in Economics. Weibull was also connected to Kornai's "Economics of Shortage" and the Kornai family, to the extent that Weibull included a mathematical appendix at the end of Kornai's *Economics of Shortage*, North Holland, 1980. Considering this, it was expected that Kornai would eventually become a strong candidate for the Nobel Prize. However, in hindsight, the year 1990 or 1991, just after the system transformation, was the year when Kornai came closest to winning the Nobel Prize. And the following two circumstances directly or indirectly prevented him from winning the prize.

The first was Judit's divorce. In 1991, when I had resigned from Hosei University and was preparing to open a Hungarian investment bank for Nomura Securities, Kornai and Zsuzsa came to visit me at my preparation office. They were looking for Judit a job in Budapest in case she returned to Hungary. They wanted to know if there was any possibility of hiring at Nomura Investment Bank. Later, Judit decided to stay in Sweden, and this conversation was dropped.

The second was the confusion surrounding John Nash's Nobel Prize in Economics in 1994. The 1994 Nobel Prize in Economics was awarded to researchers in game theory to commemorate the 50th anniversary of the publication of Neumann-Morgenstern's *Theory of Games and*

*Economic Behavior*. Not only did the selection committee for the prize in economics have conflicting opinions on awarding to Nash, but also the selection committee members from other fields raised many objections, and the winner was barely decided despite a certain number of objections (see Sylvia Nasar, *A Beautiful Mind*, Fabor & Fabor, 2002). The winners at that time were John Harsanyi (Harsányi János), an American citizen from Budapest Evangelical High School, the same school as Neumann, Zelten from Germany, and John Nash from the United States. The awarding of the prize to Nash, who was suffering from schizophrenia, as well as the awarding of the prize to game theory, which was too mathematical, was the cause of much controversy.

Furthermore, the selection committee members strongly objected not only to the decision on whether Nash's disease was in remission or not, but also to the fact that the paper was written 50 years ago when he was a graduate student. The Nash paper was an applied mathematics paper with nothing mathematically new in it, and it merely used the Kakutani fix point theorem in addition to the Brouwer's fixed-point theorem used also by Neumann to prove the equilibrium solution. When Nash showed the paper to Neumann for evaluation, he said, "Trivial. It's just a fix point theorem". Neumann kicked him out of the paper. While there is no Nobel Prize in mathematics, mathematicians and scientists in other fields questioned the awarding of a Nobel Prize to a paper on applied mathematics without any new discoveries in mathematics.

In spite of these circumstances, an incomprehensible reputation has been established in the world of modern mathematical economics that "it was Nash who laid the foundation for postwar mathematical economics". In ordinary terms, postwar mathematical economics would not be possible without Neumann's pioneering achievements. More than a dozen mathematical economists have been awarded the Nobel Prize in Economics because of Neumann's ideas. Nevertheless, the deliberate disregard for Neumann is due to the distorted inferiority complex of mathematical economists who do not like to be compared with genius mathematicians. They want to hide the inexplicable fact that a mathematician who failed to achieve in the world of mathematics can turn to the field of economics and win the Nobel Prize for applied mathematical analysis.

The 1994 Nobel Prize in Economics was awarded to Harsanyi, Zelten, and Nash, as proposed by the selection committee, but the Nobel Prize Selection Committee in economics was forced to disband, being blamed for the confusion. Thus ended Lindbeck's role as the long-time leader of the selection committee for the Nobel Prize in Economics. The retirement of Lindbeck, a man who understood Kornai's economics, made it even more difficult for Kornai to win the Nobel Prize.

### **The merits and demerits of Kornai Economics**

In my research life, Kornai has had a greater impact than the professors I studied in graduate school. Kornai continued to emphasize that we should start from the analysis of factual phenomena and not from the analysis of existing ideologies and normative propositions. In Japan, in particular, until Kornai came to prominence, the criterion for judging the validity of analysis in socialist economics was whether or not it stood for so-called "orthodox Marxism" or not. Ideological and sterile research was rampant. With the advent of Kornai, the ideological fog was lifted. His approach to the question of where the real problems and contradictions of socialist economy originated, rather than the criterion of whether or not it was correct from the Marxist perspective, gave a new perspective to socialist economic analysis. Kornai's economics effectively buried traditional socialist economics. This role must be properly evaluated.

The analytical stance of starting from factual phenomena is the basis of scientific analysis. Emphasizing the importance of this stance must also be highly evaluated as a methodology of economic analysis. However, I continued to point out the weaknesses of Kornai's analysis in this respect.

Kornai has thoroughly eliminated the German philosophical concepts that were the methodological basis of Marx's analysis. Of course, Kornai himself was influenced by Marx. For example, just as the "theory of capital" begins with the analysis of commodities, Kornai thought that if the "social theory" of socialist economy began with the analysis of shortages, a theoretical system could be constructed like Marx's. The Hungarian uprising of 1956 made him break with Marxism, but the Marxian method of analysis had a great influence on the construction of the Economics of Shortage.

On the other hand, what Kornai explicitly rejected was the German philosophical concept of Wesen (essence). Kornai eliminated the pair concepts of Phänomen (phenomenon) or Erscheinung (appearance) and Wesen (essence). In this respect, I think that Kornai's understanding is mistaken.

Herein lies the basic problem of how to understand the phenomenon itself. For natural scientists, natural phenomena are self-evident and universal, but for social scientists, most "phenomena" are not raw phenomena, but rather "subjective phenomena" that have been processed in the mind of each researcher. The phenomenon that Kornai captures is one such "processed phenomenon". Therefore, if we are not aware of the limitations of "processed phenomena," we will draw wrong conclusions.

Furthermore, we should not exclude the analysis of essence from the analysis of factual phenomena just because it is "invisible". Even in the analysis of natural science, the mechanisms hidden behind the phenomena can be revealed by exploring the "essence" that makes superficially appearing phenomena inevitable. Analyzing the hierarchy of natural phenomena is the basic method of natural science. In other words, when the essence hidden behind a phenomenon is

extracted through analysis, it also becomes a phenomenon at a lower level. Phenomena and essence form a mutual layer. By analyzing these layers one after another, the natural sciences have developed.

Similarly, in the social sciences, it is necessary to analyze the interaction between phenomena and essence, and the hierarchy between phenomena and essence. For example, the phenomenon of social relations is not visible, but there are essential relations that make up the various social relations, which in turn become phenomena at lower levels. Therefore, a multidimensional analysis of the interrelationship between phenomena and essence and hierarchy is essential for a deep social analysis. The reason why Marx's "Capital" has continued to be read throughout the centuries is because it has a system based on such a multilayered analysis, and it is based on deep philosophical thought backed by German philosophy.

This is also where the weakness of modern economics lies. Modern economics, which excludes philosophical speculation, basically remains at the level of phenomenology, and is, so to speak, limited to flat analysis. There is no room for hierarchical analysis of socioeconomic phenomena. It is an extremely flat analysis. At first glance, mathematical models seem to analyze the complexity of phenomena, but mathematics is just a tool to make a flat analysis seem valuable. Therefore, no matter how elaborately mathematical models are constructed, they are of little use in analyzing reality.

In addition, modern economics analyzes models of "processed sub-phenomena," which are excerpts of a phenomenon. Here, clever ideas and mathematical devices are the key to writing a paper. There have been many attempts to cut out individual ideas and analogies developed in "The Economics of Shortage" and make models of them as independent themes. For example, the "phenomenon" of "softening of budget constraints," which Kornai formulated as an analogy, is not a raw phenomenon, but a processed phenomenon. Among mainstream economists, it became a fashion to cut out this "phenomenon" and make it into a theorem of game theory. It is true that this is a clever modeling technique, but that is all it is. It is of little use in analyzing reality. In discussing the loosening of management discipline in socialist enterprises, Kornai took the idea of mainstream economics and explained it as an analogy, but did not analyze the behaviors of socialist enterprises in a multi-layered way.

The fact that Kornai's analysis was limited to phenomenology and lacked hierarchical analysis was the reason why he was unable to construct a "social theory" of socialist economy comparable to Marx's "theory of capital". Young Chinese economists who admired Kornai went abroad to model partial events based on Kornai's ideas, and succeeded in obtaining posts at Western universities. However, their analysis does not reveal anything about the reality of the Chinese economy. As long as they are developing abstract mathematical models, they will not be stared down by the Chinese Communist Party. Building a mathematical model of corruption without

knowing the real corruption phenomenon will not elucidate anything. However, Kornai did not criticize this kind of pedantic orientation. On the contrary, he thought it was the perfect research to make his economic ideas known to the mainstream economics community. He probably thought that if he could gain universal recognition for his ideas that mainstream economists could understand and attract the attention of mainstream authorities, he would be close to winning the Nobel Prize. This is the point where I sense a "flattering to the mainstream of economics" from Kornai.

In my opinion, it would have been better for Kornai to have shown himself as an independent and incomparable theoretician, without being beholden to mainstream economics, which would have made his achievements stand out. However, it needed to have a strong philosophical thought with a strong spirit. Kornai eschewed that path in favor of gaining name recognition. To be sure, he gained more than enough fame in the international world of economics, but the Nobel Prize was far away.

On the other hand, it cannot be overemphasized that "the economics of shortage" was the intellectual impetus for the social movements that led to system transformation. That alone was worthy of a Nobel Prize. However, contemporary economics can only evaluate the analysis of models in a narrow social laboratory, which is neither poison nor medicine, but have narcotic effect to economists. The era of poverty in economics continues.