

Opportunities of constraints: A sociologist's reflections on János Kornai's *By Force of Thought*

David Stark

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Abstract This essay reviews the intellectual memoir by János Kornai, the leading economist working under the constraints of politicized academic life in the former Soviet bloc. Kornai retells the major ideas of his work through the lens of the various periods in his life and the ethical dilemmas faced in each. Constraints, it is shown, provided opportunities. Kornai's work offers a model of a public intellectual, committed to empirical analysis of social processes, and independent from political parties and from intellectual camps in the economics profession.

This is a wonderful intellectual memoir by János Kornai, the leading economist working under the constraints of politicized academic life in the former Soviet bloc.¹ Writing in socialist Hungary, Kornai developed key concepts—such as “overcentralization of administration” and the “economics of shortage”—to understand the dynamics of the planned economy. His concept of “soft budget constraints” continues to be cited by economists not only with reference to socialism but also to problems of fiscal discipline in governmental and corporate budgeting in capitalist economies. Moreover, it is not only economists who cite him. In the mid-1990s a major study of the relationship between economics and sociology found that Kornai was the economist most cited by sociologists in the leading sociology journals in 1992.²

In these memoirs, Kornai retells the major ideas of his work through the lens of the various periods in his life and the ethical dilemmas faced in each. It was an extraordinary life in eventful times—escaping from a forced labor gang at age sixteen, joining the communist party, rising quickly to the editorial board of the party's major journal, working on the draft economic program for Imre Nagy in 1956, expulsion from the party and any

¹János Kornai, *By Force of Thought: Irregular Memoirs of an Intellectual Journey*. Cambridge, MA: MIT Press, 2007.

²James N. Baron and Michael T. Hannan, “The Impact of Economics on Contemporary Sociology.” *Journal of Economic Literature* 32 (3) (Sept., 1994):1111–1146.

D. Stark (✉)

Sociology Department, Columbia University, 1180 Amsterdam Ave, New York, NY 10027, USA
e-mail: dcs36@columbia.edu

position of responsibility, researching his first books while a low level functionary in the ministry of light industry, hounded by the secret police and prohibited from teaching, and then taking his first faculty position as a Full Professor at Harvard in the mid 1980s while continuing a half-time appointment at the Institute of Advanced Study/Collegium Budapest during the tumultuous years of economic and political transformation following the collapse of communism.

How does a sociologist review a book by a leading economist? Why not begin with the preconceptions economists hold about sociologists? That stereotype can be summarized in the following: Economics is about how people make choices. Sociology is about how people are constrained from making choices.

I don't agree with this characterization. In fact, on neither count. But my views on social science practice are less important here than my views on this book, and so I decided to accept the constraints of the characterization. Forced into the dichotomy of choice versus constraint, but still hoping to have it both ways, then I choose constraint. So bound, it followed that I would need to discuss the book through the theme of constraints. Once I accepted the constraint, I was given an opportunity. I could see that this provided a clue to reading *By Force of Thought*—a book by an economist that is less about choices than about the opportunities provided by constraints.

The notion of opportunities provided by constraints is a paradox only on naïve, first inspection. To help us understand the seeming paradox, let me give two examples from the field of art—a field from which Kornai often draws the rich metaphors that populate this book.

The first example is the American poet, Robert Frost. After a poetry reading, someone asked, “Why do you never write in free verse? Why are all your poems in metered verse?” Frost replied, “I never write free verse for the same reason that I never play tennis without a net. This is the constraint that, for me anyway, is the source of my creativity.”

As a second example of constraint as opportunity, take the film, *Five Obstructions*, by Lars von Trier. In the film, we see von Trier working with another film-maker, whose earlier films he deeply admires and who, we learn later in the film, is facing a personal crisis of creativity. During each of the five acts of the film, von Trier gives his friend an assignment to make a film within a set of demanding constraints. In fact, these five “obstructions” are more than constraints; they are formidable obstacles to making a film. I won't go into the details about the technical and, as the film reveals, personal obstacles but simply observe that within the confines of each obstruction, the filmmaker produces short films that are each more beautiful, more remarkable, more creative, than the one that came before. In short, constraints can make opportunities.

What are the constraints on the life, on the life's work, and on the book, *By Force of Thought*?

If a young person of sixteen were to come to you today and ask “What should I do to become a great economist?” you might reply: For starters, attend the best university you can. Then, be accepted to one of the best graduate programs where you can study under the best minds in your field. Work extremely hard. Find a truly original idea and stick with it, develop it, apply it, promote it, and form a school of thought around it. Publish in the best and most demanding journals in economics so you can get tenure in one of the very best departments and thus be surrounded by brilliant and demanding colleagues and teach brilliant and demanding students who, like you, have ambitions to become great economists.

And you might add (since here we're talking about choices): if you can, choose to be born in a large, powerful, and rich country (to increase the odds that you will be a big player on a big field) and, while you're at it, choose to be born in peaceful times and in family circumstances that will ensure that your high school years are ones in which you enjoy tranquility and develop a strong sense of personal safety and security.

This, of course, is not the life described in the book. Only one of those conditions—tenured Full Professor in a great department in a great university—holds in our case. But by that time, János Kornai was already a famous and great economist.

His adolescence was not in tranquil times. Far from personal security, his father was taken away and he never saw him again. At sixteen, he escaped from an Arrow-Cross forced labor gang and lived in hiding until the end of the war. Far from attending a great university, he did not attend university at all. He did not study with the best minds of his era. For most of his career, he was officially prohibited from teaching at a university. And, although he did publish—and consistently—in many of the best economic journals, he did not do so under the pressures of finding a job, getting tenure, and gaining promotion up the ranks of the professoriat.

Advantageous disadvantages

One of the consistent themes of *By Force of Thought* is how these disadvantages, or constraints, proved to be opportunities.

As the first example, take the methodology of young János Kornai's first research project for his dissertation that would become the book *Overcentralization in Economic Administration*. His goal was to study the actual workings of the socialist economy. Imagine if he had been university trained and under the mentorship of a leading economist today. Told that he wanted to study an important topic, that mentor would likely tell him to find a dataset and run the regression equations for the econometric modeling of the data. Fortunately for him and for us, that wasn't the case. Kornai was left to his own. And so what did he do? To study the actual workings of the socialist economy, he actually went out and started talking with people. He asked them questions, and most importantly, he listened. About listening to people, Kornai writes:

Where did I get the idea of basing the empirical material for my study mainly on personal interviews?" (p. 84) "... let me say that my ignorance had some advantages too. I dared and managed to be original *precisely because* I did not have a professor in whose footsteps I should meekly follow. I did not get lost in the formal, technical tasks ... and could ignore the strict technical requirements imposed by leading journals and publisher's anonymous referees. (p. 85, emphasis in the original)

These skills, we might say sociological skills, of asking questions and listening to people, were refined and developed and reappeared periodically across his research career.

Turning to his second major piece of research—the creative and demanding work on two-level planning with Tamás Lipták—Kornai similarly comments on the disadvantages of the lack of standard graduate training:

I don't want to make a virtue of weakness; I have often felt bitter that I did not get the regular graduate training that would have given me confidence in employing sophisticated mathematical methods. (p. 158)

But he goes on to note that this constraint provided an opportunity for very serious and intense interdisciplinary collaboration with a mathematician, a collaboration that would not likely have taken place if he were in a major economics department surrounded by economists who, though conversant in mathematics, could not have solved the enormous computational problems handled by a sophisticated mathematician.

Concerning his third major contribution to economic thought, the extraordinary work, *Anti-Equilibrium*, Kornai wonders how it was that he could be so bold to pierce critically to the very core of neoclassical economics:

Having been blind and uncritical once, about Marxism, I did not want to be blind or uncritical again. I have described in earlier chapters the disadvantages of not having been to a good university and of having to teach and train myself. But being self-taught has advantages as well. I learned the theory of the mainstream, but I did not have it so deeply drummed into me, in lectures or seminars or while preparing for exams, that the conventional neoclassical answer to every question became automatic, even in my sleep.... In that respect, living in faraway Hungary did me good. Strange as it may sound, it made it easier for me to retain my autonomy. (pp. 195–196)

Moving from particular books to reflecting on his entire career, Kornai observes the many ways in which he was able to take advantage of his disadvantaged situation. Working outside the standard system of publication for promotion was limiting in some sense, but it allowed him to take greater risks, be less cautious, consider “dangerous” ideas, and perhaps most importantly, not confine his research and teaching to working out and elaborating a narrow theme but instead to explore an extraordinarily large range of topics and problems.

In this context, his diagnosis of the problems besetting the selection criteria of academic journals should be required reading for the editors of every major journal in the social sciences. Here I excerpt several biting passages from a longer paragraph:

The system accustoms researchers to caution when they should be trained to be brave. ... The leading economics journals today don't give young researchers any real opportunity and incentive to try their wings [instead they require] assistant professors to apply every brain cell to produce papers that can be shoved through the publication meat grinder, leaving them no energy for ideas that are dangerous (i.e., unlikely to be published). ... This is a self-reinforcing, expanding process... Journals will become increasingly uniform in their articles' style, content, format, structure of discussion, and methodologies. ... Most of all I would like trials, intellectual experiments, innovation, and originality to receive more support and appreciation. (pp. 270–271)

Kornai is concerned that niche journals, most regrettably in fields such as sociology and political science, that should be experimenting with new formats for representing findings and developing distinctive styles of argumentation, are instead “following this bad example” (p. 271).

Reflecting on his own situation, Kornai concludes:

I often think wistfully how I was not able to spend my life in the peaceful academic world of the United States. ... But at other times, I feel I was lucky that things took a different course. Never since I set out as a researcher have I yoked myself to a dogmatic discipline imposed from outside. I have preferred to be an outsider than to become a mechanical “pattern copier.” I may have gone off track many times for that reason, but I managed to retain my intellectual independence. (p. 271)

The independent insider/outsider

Thus, there is one constraint he would not accept—constraints on his independence. Throughout the book we see the difficulties and the opportunities of carving out a singularly unique role. In socialist Hungary, there were three standard roles that an

economist could adopt: advisor to the government, reform economist, or political dissident. János Kornai did not conform to any of these standard roles.

In postsocialist Hungary, as in the West, there are three standard roles for an economist: advisor to a government or political party, ivory tower intellectual, or hit and run expert who markets his or her particular, narrow, high-priced skill to whichever government or agency is prepared to pay for advice. János Kornai did not conform to any of these standard roles.

As the book details, in both the socialist and the postsocialist periods he resisted every effort to enlist or enroll his energies and insights for partisan purposes—of whatever stripe. But at the same time he was never an ivory tower intellectual removed from the pressing problems of the society in which he lived and worked. Instead, as we see throughout *By Force of Thought* he was always asking: What is the best way to make a contribution? What is the empirical research that will unlock a perplexing problem? Most importantly and always strategically, How can I write to put ideas on the public agenda?

That role—of bringing ideas not only to his profession but to a very broad public—required political independence. This was the role of the ultimate insider/outsider: inside the most challenging problems of the day—whether that was the over-centralization of economic administration, the complexities of non-price control, the economics of shortage, the problems of economic transformation after 1989, or more recently the dilemmas of the health care and pension systems. Inside, yes. Inside, deeply empirically, inside the problems; but outside any and every partisan circle.

This independence had another side as well for it was not only independence from party politics in Hungary, but also from factions, fads, camps, and schools in the economics profession. We can see this in the passage I quoted above (“I have preferred to be an outsider, unyoked to any dogmatic discipline.”) Here too the role was singular. Is János Kornai a neoclassical economist? Yes, but also its most trenchant critique and strenuous swimmer “against the current.” Insider/outsider. Is János Kornai an institutionalist? No, but maybe yes. Is he a behavioral economist? No, but doubtless one of its leading predecessors.

In the end we can say that he was not caught by any tribe. He was invited by all, but not an adherent of any. He keeps friendships with all—as the names of the economists with whom Kornai and his wife, Zsuzsa Dániel, enjoyed meeting and discussing suggest—Jeffrey Sachs and Albert Hirschman, Milton Friedman and Amartya Sen (the list could go on). Invited by all, friend and intellectual interlocutor to many, but never a member of any tribe.

Choosing constraints

Independence. Political and intellectual independence. But then what has happened to my theme of *constraints* and their opportunities? A man of independence would seem to be a person precisely *without constraints*.

Permit me to quote one final passage from *By Force of Thought*, the one most interesting to me as a sociologist because it brings together preferences and constraints and the one that brings together in one passage the architecture and method of the book, combining theoretical concepts and personal self knowledge:

The neoclassical model of preference is appropriate for analyzing recurring and comparable decision-making problems. It can help to measure inconsistency, for instance. But the model of rational choice simply cannot be interpreted as operating and does not operate with nonrecurring and noncomparable decisions... . But the great, important decisions in life are usually unique and nonrecurring. There are turning points and nonreturning events in the history of individuals and peoples. Woe to social

scientists who seek to explain with ready-made preference orders how people will behave in making the big decisions. When I formulated my view on the matter in 1967–70 and introduced this distinction, I was resorting to introspection. I could not see into the souls or decision-making processes of others, only into my own. I know I don't have preconceived preferences at such crucial dramatic moments—when I decided against emigrating during the great emigration wave following 1956 or against rejoining the Communist Party, chose what to do at certain junctures in the revolution, and so on. Reciprocal effects develop between certain values (preferences) and conditions or choice possibilities. 'Constraints' and 'preferences' cannot be separated. Nor can the question of strict temporal consistency really be raised, because the great challenges and the circumstances of major decisions at one time might differ radically from those associated with earlier ones." (pp. 186–187)³

This is a richly insightful passage. In light of this passage it is interesting to reflect on the various nonrecurring choices that we find elaborated in the book. Across the nonrecurring choices, we do find, despite the passage above, a kind of consistency that I would summarize as *choosing constraints*. Of many, let me take three examples. The first, mentioned in the passage: instead of choosing to follow the wave of emigration after 1956, János Kornai chose the more difficult and constrained course of remaining in Hungary. The second: in 1972 he was offered but declined an offer of a tenured professorship in Economics at Princeton University—this at a time, as we know from elsewhere in the book, that Kornai and his wife did not even have a telephone in their apartment. And the third: when accepting the offer from Harvard, Kornai declined the opportunity of a full year academic salary from Harvard to maintain his presence in Hungary for half of each year at the Collegium Budapest with all the constraints, demands, and difficulties of changing residences every year. To be independent, János Kornai chose constraints.

Constraints on the book

In keeping with the constraints of my theme, I turn to the constraints that Kornai imposed on himself in writing the book.

After reading *By Force of Thought*, I conclude that the first constraint is an injunction that we can state most simply as *Be honest*. I'm sure that many memoirs were not written with such an injunction; but it is my assessment that this book was so written. Being honest does not mean saying everything. But it means that everything you write must be honest. That is a very serious constraint. And like the other constraints, I sense that for Kornai this constraint also provided an opportunity—an opportunity for the self understanding that he writes about in the Preface of the book.

Because of the constraint to be honest, we find, for example, very insightful reflections on the "failure" of *Anti-Equilibrium* to command a more receptive readership. We find honest reflections on the "demeaning process of self-censorship" in avoiding three specific

³ Kornai notes that behavioral economics departs from these tendencies (p. 187) but then continues: "Other trends are more disquieting, however. The rational choice model has begun to be widely employed in sociology and political science, and even in history: that is exactly in the discipline that has the most distinguished role in examining nonrecurring events. Unfortunately, in these disciplines the theory of rational choice is not used in the subtle way suggested above [in behavior economics]. Because its interpretations are often quite crude and oversimplified, the warnings and criticisms of several decades ago have not lost their immediacy." (p. 188)

topics while writing *The Economics of Shortage*. And we find honest reflections about moral choices, the difficulties of making them, and respect and admiration for others who made them differently. I am not suggesting that this book presents a figure who was never calculating or compromising. On the contrary, maintaining intellectual and political independence required calculation, and Kornai is explicit about these compromises. This memoir is exemplary precisely because it conveys the difficulties of those choices and recognizes that others, facing similar dilemmas, took different paths.⁴

The second constraint on *By Force of Thought* concerns its strict architecture: *Organize each chapter around a book and the period of life in which it was written*. It is this constraint that gives the book such an elegant structure and allows the author to interweave analytic concepts and personal insights. That fluidity within a constrained architecture results in a book that is marvelous to read. After more than 50 years of research and writing, how does an intellectual survey his ideas in a way that places them within the immediacy of the time they were drafted and gives them immediate relevance for our thinking today? The solution: It is not that Kornai *summarizes* the ideas of his major works but that in a succinct and lively way he *retells* them. The concepts appear on these pages as fresh and vibrant. Through such a forceful presentation, *By Force of Thought* will constrain future historians of economic thought. Forced to take this book into account, future economists will be given new opportunities by these constraints.

Relaxing constraints

Consistent with my theme, I must now make explicit the constraints on my comments. Although I could have taken the opportunity to re-examine *Anti-Equilibrium*, or *The Economics of Shortage*, or *The Socialist System*, I have limited my discussion to the opportunities provided by this wonderful book.

But now I relax that constraint to write more personally, less as a sociologist reviewing a book than on behalf of the many social scientists of my generation and younger who benefited from the generosity and encouragement of this extraordinary person.

In fact, we met exactly 25 years ago, in the spring of 1982 while I was still a graduate student at Harvard. We sat in a café on Mass Ave. in Harvard Square. We talked a long time, he listened. I related how my efforts to do research for a year in Yugoslavia had been foiled by the persistent hounding of Tito's secret police. How I had returned to Harvard to study Polish only to find that door slammed shut by martial law in December 1981. János said, "You're a persistent young man. Come to Hungary and we'll see that you can do your research." He kept his promise.

If I write personally, it is because my experiences were not unique. I was always welcomed in János and Zsuzsa's apartments in Budapest and in their apartment on Mt. Auburn Street in Cambridge. Always welcomed, I was especially welcomed, I sensed, if I brought my work. And so I always did. But if I was always welcomed, we didn't always agree. And it was wonderful. Everyone should be so lucky to have János Kornai disagree with them in such an appreciative and encouraging way. In his office in the Collegium

⁴Elsewhere I have written about the founding moment of economic sociology, the intellectual division of labor elaborated in Parsons' Pact. You, the economists, study the economy. We, the sociologists, study the social relations in which economies are embedded. You study value; we study values. Kornai's memoirs break with this pact from the side of economics. New work in economic sociology is transgressing the divide from the other direction. See Monique Girard and David Stark, "Heterarchies of Worth in Manhattan-based New Media Firms." *Theory, Culture and Society*, 20(3) (June 2003):77–105.

Budapest or in a little restaurant on the other side below the Buda Castle, I could always count on a friendly and forceful argument.

Therefore, I conclude at the beginning of the book, in fact, with its cover, which shows an image, *Shaman and Youth*, of two clay figures from pre-classical Mexico, ca. 1500 BC. To the left, an older figure has reached across to place his hand on the shoulder of the younger figure, which, in more animated posture, seems striving to get across a point. Although denied a professorship for the greater part of his career, János Kornai was, nonetheless, such a mentor to many. In recognizing this habitus in *By Force of Thought*, we recognize a life not only of forceful thought but also of thoughtfulness, of generosity, of encouragement, and of friendship.

David Stark is Arthur Lehman Professor of Sociology and International Affairs at Columbia University, where he directs the Center on Organizational Innovation. In fall 2007, he is Distinguished Fellow at the Institute of Advanced Study in Durham, UK, and in spring 2008, he is Scholar in Residence at the Max Planck Institute for the Study of Societies in Cologne where he is completing a book on creative friction in heterarchical organizations. Recent publications include an historical network analysis of enterprise ties in Hungary (*American Journal of Sociology* 2006), a study of the foreign ties of Hungarian civic associations (*Theory and Society* 2006) and an analysis of PowerPoint demonstrations (*Theory, Culture & Society*, forthcoming).