

Understanding economy and society from the perspective of two outstanding thinkers of the turn of 20th and 21st century: János Kornai and Xavier Richet

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Abstract: *Both scholars, outstanding thinkers of the last fifty years, contributed greatly to the understanding and explaining the nature of the economic phenomena occurring in the contemporary highly developed capitalist countries.*

János Kornai (until 1945 known under the surname of Kornhauser) is an outstanding expert on contemporary economy and Xavier Richet broadens and deepens the theory of the international economic relations. The scope of research of both scholars are complementary to each other and thus the topic of the paper. The paper focuses on scrutinizing how the theoretical-comparative analysis of economic systems of János Kornai and the theoretical-empirical approach of Xavier Richet enrich the European economic thought of the 20th and 21st century.

János Kornai presents his views with relations to some aspects of sociology, political philosophy and ethics. Kornai is known for being the coauthor (together with Tamás Lipták) of the article published in “Econometrica” journal in 1962, cf: János Kornai, Tamás Lipták: A Mathematical Investigation of Some Economic Effect of Profit Sharing in Socialist Firms. “Econometrica” 1962, No. 30 (1), pp. 140-161. Edmond Malinvaud, a French co-editor of the journal, accepted the article as written in the language of modern economy.

Key words: János Kornai, Xavier Richet, Thomas Lipták, economic system, paradigm, profit, state, rationality, China, the Silk Road, anti-equilibrium

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I. Economic views of János Kornai

János Kornai defended his doctoral dissertation on the subject: 'Excessive centralisation Overdecentralization in Economic Administration', which has been published by the European Commission's Directorate-General for Economic and Social Policy, and which is based on an experiment in Hungarian light industry. Oxford University Press in 1959. By publishing this work, Kornai became a part of the trend of publications in Western Europe, such as: Administration Behavior, a story of decision processes in business organization (1947) by Herbert Simon, or The Nature of the Firm (1937) by Ronald Coase.

János Kornai introduced economic categories into the theory of socialist economics, such as the realm and the regulatory zone, pressure and suction, the economy of shortage and the mild and severe budgetary constraints. These issues have been put forward in a new way to address a number of issues related to the development and functioning mechanism of the economy¹ that are not sufficiently clear. The analysis of some price theories from the point of view of the proportions occurring in the process of extended reproduction should also be treated as very original and formulate "two-channel" prices as a result of this concept².

It is a matter of great importance to define the economic role of the state. As János Kornai points out, the myth that the categories and criteria of the monetary economy and the competitive pricing mechanism were sufficient to solve the problems of economic practice must be decisively rejected. This does not mean rejecting the logic of the market economic order, but only a primitive interpretation of the meaning of this logic.

János Kornai's scientific achievements draw attention to what is sustainable from the point of view of the theory of economy during the transformation period, as well as to what is variable in the process of economic development. This is what Kornai's big contribution to the science of economics is all about.

As we know, the content of the management process expresses the aspiration to the functioning of the economic role of the state within the framework of the market mechanism. As a result, in the place of the economy, there is a shortage with a mild budget restriction, which is based in particular on in the sphere of investment with non-price signals, a limited economy

¹ Kornai János: *Anti-Equilibrium : teoria systemów gospodarczych : kierunki badań* [Anti-equilibrium, z oryginału w języku angielskim tłumaczyli Janusz Beksiak, Urszula Libura i Zofia Wiankowska]. Państwowe Wydawnictwo Naukowe (1951-1992). Warszawa 1973, ss. 519.

² Kornai János: *Niedobór w gospodarce* [Economics of Shortage, przeł. (z ang.) Urszula Grzelońska i Zofia Wiankowska]. Państwowe Wydawnictwo Ekonomiczne, Warszawa 1985, ss. 822.

started to develop by demand. It is an economy guided by a price signal, with all the consequences this entails³.

At the same time, the question of making the economy more marketable began to be addressed not only in the goods and services market, but also in the labour and capital markets.

According to Kornai, the greatest economic dilemmas are connected with the problem of economic growth and the underlying investments. This is a fundamental change in relation to the past. The basic criterion of the investment process should be the prospectively determined demand, including the demand on world markets. The main burden of the issue has shifted - in accordance with the adopted system assumptions: from the state's activities to the activities of companies. This results in a change in the directions of investment and the nature of growth. It has expanded and gained a different character in comparison with the previous period, the financial problems, namely. The passive role of money was transformed into its active role, the new position of the Central Bank. A network of commercial banks was created, there was a budget deficit of a permanent nature (for example, in relation to Poland), the stock exchange started to function.

All this together, in Kornai's opinion, should be considered and evaluated from the point of view of long-term economic development needs, because it is expressed in the following terms in analyses and actions, the basic criterion of rationality. The market as an institution, apart from its many undoubtedly advantages, which no rational economy can do without, also has many disadvantages, which must be taken into account. The main point is that it causes a stratification of the following in its actions and the polarisation of society in every sphere and in every field, and therefore also at international level.

When presenting the transformation programme in Hungary at the beginning of the 1990s, Kornai analysed the results of the transformation, i.e. its achievements and shortcomings⁴.

Kornai states the following:

- it has been observed that with the progress of restructuring, the share of industry in global output is decreasing and the share of services is increasing,
- the greater the share of the private sector in production, the more difficult it is to collect taxes,

³ Kornai János: *Niedobór w gospodarce* [Economics of Shortage, przeł. (z ang.) Urszula Grzełowska i Zofia Wiankowska]. Państwowe Wydawnictwo Ekonomiczne, Warszawa 1985, s. 455 i następne.

⁴ Kornai János: *Przemiany posocjalistyczne i państwo: refleksje na tle węgierskich problemów finansowych*. „Gospodarka Narodowa” 1993, nr 3, s. 1.

- the more effective the ownership changes are, the greater the risk of budgetary problems,
- the transition period entails a specific financial trap when macroeconomic stabilisation is achieved, other important problems such as tensions in public spending and the danger of budget deficits continue to arise.

Kornai states that "rapid and certain solutions can only be proposed by economic dilettants or political fraudsters"⁵.

II. The role of the state in the economy and coordination mechanisms according to János Kornai

János Kornai's scientific output is marked by a book entitled *The Road to a Free Market Economy*. It has been translated into sixteen foreign languages. The reader's attention will continue for a short time in the book entitled *The Socialist System* (1992). This book, in turn, should be read in English. It presents the way contemporary economies operate due to the specificity of coordinating mechanisms of action. Kornai called the first mechanism bureaucratic coordination. It means is a hierarchical vertical relationship between superiors and subordinates. Instructions and commands are signals sent from the top down the desk of a bureaucratic structure. Collaboration is characterized by loyalty to superiors and fear of punishment. The second coordination mechanism is the market. It is a horizontal relationship between sellers and buyers. The main signals are prices. Material profit is the motivation. The third coordination mechanism is called associative coordination. It is a horizontal relationship. The personification of this coordination is self-government or civil society. These types of coordination exist in all societies, but their intensity varies from one period to the next⁶.

Kornai conducted an analysis of state institutions and their role in the economy in a different way than is generally done, specifying a misunderstanding of state institutions. He did, that it notes, as it travels the world, that excessive admiration for institutions is cultivated

⁵ Kornai János: *Przemiany posocjalistyczne i państwo: refleksje na tle węgierskich problemów finansowych*. „Gospodarka Narodowa” 1993, nr 3, s. 1.

⁶ Kornai János: *The Role of the State in a Post-Socialist Economy*, Warsaw 2002 : Leon Koźmiński Academy of Entrepreneurship and Management, p. 6.

the state. He considered the views cultivated by the liberal Chicago school to be exceptionally puristic. Economists at this University take a position negating the necessity of the state in the economy. Kornai speaks about this scientific community in this way: "The purist approach from Chicago is rather unique. It has several limitations"⁷.

III. Professor János Kornai PhD in *Honoris Causa* at the Cracow University of Economics, Poland. June 19, 2008

Professor János Kornai, a well-known Hungarian economist, received an honorary doctorate from the Cracow University of Economics. The award ceremony took place on 19 June 2008 in Krakow. János Kornai is a Harvard professor, researcher and insightful observer of economic life. Kornai contributed to the preparation of the theoretical transformation of the socialist economy and was an active participant in debates on the transition to a market economy. Kornai has devoted many efforts to understanding the key problems of the transformation period, i.e. privatization, macro-stabilization and welfare state reforms.

Professor Marek Belka in a review of Professor Kornai's scientific output stated that "(...) Kornai's greatest achievement is that his concept and concepts: buyer market, seller market, soft budget constraint, shortage economy and many others, entered so deeply into our thinking that no one would ever think to support himself with quotations from his work. Like Mr. Jourdain of Moliere, who spoke prose, to him very often, without thinking about it, we say Kornai"⁸.

Professor Jerzy Hausner emphasized in his laudation that "Professor János Kornai with his works, analyses and theoretical concepts had a huge impact on the understanding of the systemic weaknesses of the socialist economy and contributed significantly to its transformation"⁹.

The winner of the *Honoris Causa* award himself spoke in his lecture titled *Dole i niedole badacza / The Dole and the Pain of the Researcher*: "If young researchers are afraid of the torments associated with a researcher's career, they should leave terra. However, if they are

⁷ Kornai János: *The Role of the State in a Post-Socialist Economy*. Distinguished Lectures Series n. 6. Warsaw, 16 November 2001, p. 6.

⁸ Professor János Kornai PhD in *Honoris Causa* at the Cracow University of Economics, Poland. June 19, 2008. <https://uek.krakow.pl> [Access: 15.11.2019].

⁹ Idem.

prepared for such a career, they should take into account the misfortunes and great, special and incomparable feelings of joy that a researcher's career brings. Believe me, it is worth the effort”¹⁰.

János Kornai served as President of the Econometric Society, President of the European Economic Association and President of the International Economic Association. He is a member of the Hungarian Academy of Sciences and five other academies. In recognition of his scientific achievements, he received the highest Hungarian awards. He is a recipient of foreign awards, including the Seidman's Award in the USA, the Humboldt Award in Germany and the Order of the Legion of Honour in Germany.

IV. János Kornai's participation in disputes and discussions on the economy of the breakthrough of the 20th and 21st centuries

One of János Kornai's famous books is *Dynamism, Rivalry, and the Surplus Economy. Two Essays on the Nature of Capitalism*, which appeared in the Polish edition (*Dynamism, rivalry and excess economy. Two essays on the nature of capitalism*), is a development of the issues permanently present in Kornai's work. The author compares economic systems, their efficiency and ability to modernize. It is known that the economy of shortage in the sense of János Kornai is a system in which shortages occur in a common way. There may be surpluses in it, but they are transient. The economy of excess is a mirror reflection of the economy of shortage. This basic thesis defended by Kornai is accompanied by two other important observations. The first is that there is no choice between the economic state of equilibrium and the state of imbalance; we are doomed to choose between different states of imbalance; the second, innovation, is a feature of excess and is disappearing in the economy of shortage. These claims are crucial, according to Kornai, precisely now that the fundamental principles of the market economy are under discussion. It is important to stress that Kornai does not prove that the capitalist economy has only advantages. It describes its weaknesses, for example the inability to make full use of labour resources and production capacity. He considers, however, that these weaknesses cannot be eliminated without undermining the positive characteristics of an economy of this type and undermining its innovation and dynamism.

¹⁰ Idem.

However, according to Roger Edward Backhouse, "In order to achieve a sufficient concentration of ownership to make management accountable to shareholders without creating great inequalities, shares should be distributed among investment funds in which all citizens would be involved. Economists such as the Hungarian János Kornai, who claimed that the State should carefully take good care of their assets until they are sold to a new middle class at a real market price, are deemed to be misguided. No government could afford to implement a stabilisation programme that would impose difficulties for more than a short period of time: voters would accept a short period of sacrifice, provided they were sure that it would not last long. The pace of privatization was extremely important: speed and scale are much more important than, for example, privatization revenues"¹¹.

An important role in János Kornai's latest work is played by an article entitled *The System Paradigm Revisited: Clarification and Additions in the Light of Experiences in the Post-Socialist Region* [(Acta Oeconomica 2016, 66 (4), part I, II, III)]. It was published in Polish under the title *Revised system paradigm. Explanations and additional elements in the light of the experiences of the post-socialist state*.

The author of this paper meets the interests of researchers dealing with comparative economics, comparative political science and sociology and contemporary historians, highly qualified employees in financial institutions, international organizations who analyze and are deeply convinced of their importance changes taking place in post-socialist countries.

The author emphasizes that he uses the opposition of economic categories: capitalism versus socialism in a descriptive and positive sense. These terms have already appeared among others in the ideas of Pierre-Joseph Proudhon and socialism in the works of Henri de Saint-Simon. The term capitalism was disseminated through Marx's main work, *Capital* (Volume I, Volume II, Volume III). They were also used by numerous critics of socialism, such as Ludwig von Mises and Joseph Schumpeter. At present, they are constantly recurring in the statements. It is extremely interesting how Kornai explains the reasons for the infrequent use of the term "capitalism" in modern times. He writes the following: "There are several reasons for avoiding the term "capitalism". Former communists feel ashamed that their activity has now resulted in capitalism. German economic politicians after World War II, sensing the anti-capitalist

¹¹ Backhouse Roger Edward: *The Puzzle of Modern Economics. Science or Ideology?* University of Birmingham and Erasmus University Rotterdam. Cambridge, Cambridge University Press 2010, p 41. Zainteresowanie dokonaniai naukowymi Kornai`a przejawia od dawna Paul Anthony Samuelson. Patrz na przykład : Paul Anthony Samuelson: *For Plan to Reform Socializm, Listen to János Kornai*. "Christian Science Monitor", 4 April 1990, p. 7.

sentiment among a large number of voters, decided that it would be sensible to give the deserved system a new name: the social market economy. Conservative populists are also reluctant to call their actions an institutional effect, capitalism, because they would prefer to be seen as opponents of doing business for profit, opponents of banks and capitalism”¹².

Kornai uses the term paradigm in the sense of Thomas Samuel Kuhn to modify it accordingly: he speaks of a systemic paradigm by specifying the main and side features. This is how the revised system paradigm came into being. Kornai uses the term 'great system' to replace the earlier scientific term 'production method'. He built two theoretical constructs that he called types and equipped them with features that distinguish two types from each other and show what is common to many individual processes in each country of the same type.

Kornai's observation that national statistics on ownership transformations are highly incomplete and sporadically performed is valuable. He says that "nowhere do national statistics calculate and publish data on production volume according to the criterion of ownership or share of total output sold at prices set administratively. It is surprising that only non-governmental institutions in a small group of countries deal with ownership relations and radical transformation of coordination mechanisms, although these are basic requirements for system change. Prestigious international organisations regularly publish comparative data on production, international exchange and finance, but in my opinion they do not pay sufficient attention to ownership transformation and the importance of bureaucratic and market coordination”¹³.

Kornai, as an insightful researcher, rightly pointed out that statistics omits the most important economic criterion, i.e. the ownership criterion. Publicity is not entirely in line with the interests of the owners. We are talking about private and capitalist ownership. This is how János Kornai's important thought can be recapitulated.

Jacek Tittenbrun, a well-known Polish sociologist and professor at Adam Mickiewicz University in Poznań, has devoted many of his publications on ownership relations and their importance in the process of system transformation in his books to his several-volume book Z

¹² Kornai János: *Zrewidowany paradygmat systemowy. Wyjaśnienia i dodatkowe elementy w świetle doświadczeń państwa postsocjalistycznych*. „Zarządzanie Publiczne” 2017, No 3 (41). Uniwersytet Ekonomiczny w Krakowie, Wydawnictwo Naukowe SCHOLAR, s. 9-10.

¹³ Kornai János: *Zrewidowany paradygmat systemowy. Wyjaśnienia i dodatkowe elementy w świetle doświadczeń państwa postsocjalistycznych*. „Zarządzanie Publiczne” 2017, No 3 (41). Uniwersytet Ekonomiczny w Krakowie, Wydawnictwo Naukowe SCHOLAR, s. 15.

deszczu pod rynną: studium polskiej prywatyzacji, (4) tomes I, II, III, IV, Zysk i S-ka Publishing House, Poznań 2007.

János Kornai presents his reflections on certain aspects of sociology, political philosophy and ethics. Kornai is known for co-authored an article written with Tamás Lipták in the journal *Econometrica* in 1962, see János Kornai, Tamás Lipták: A mathematical Investigation of Some Economic Effect of Profit Sharing in Socialist Firms. "Econometrica" 1962, No. 30 (1), pp. 140-161. Edmond Malinvaud, the French co-publisher of the journal, accepted the article for publication as written in the language of modern economics.

In an article by J. Kornai, T. Liptak: Two-level Planning, *Econometrica*, a method was used which breaks down large problems of linear optimisation into sub-problems. This distribution simplifies and solves the general problem of coordinating economic decisions so that decentralised economic operators can achieve the global optimum - see János Kornai, Thomas Liptak: Two-level Planning, "Econometrica", 1965, Vol. 33, No. 1, pp. 141-169. Published by: "The Econometric Society".

Following the publication of Thomas Piketty's book *Capital in the 21st Century*, Paris 2013, a handful of comments on the book were presented by János Kornai in a study entitled János Kornai: *What is Capital in the 21st Century?*

Also Grażyna Musiał in co-authored with Mirosław Lubszczyk are the authors of a text entitled: *Thomas Piketty on the problem of capital in the 21st century [W:] Discussions on capital yesterday and today*, Scientific Editorial Grażyna Musiał. Scientific work. Publishing house of the University of Economics in Katowice. Katowice 2019, pp. 83-98.

Kornai addresses the following problems: the development of productive forces and technical progress, the dimensions of inequality and the source of wealth, ways of obtaining large wealth, inheritance of wealth, types of motivation, contradictions, dilemmas and action plans, predecessors in the history of economic thought. The task that Piketty set for himself is to describe and explain the relations prevailing in the sphere of division. Kornai extended the context of the analysis and included other areas of the process of social reproduction in the scope of the study. In his book, Piketty appealed for "the restoration of the question of division of its proper place in the centre of economic debate". Kornai further explains that he deliberately uses Marx's terminology (productive forces, production relations), since these expressions can easily be translated into the terminology used by other schools of economics.

As we know, in economics the problem of the laws of science that it discovers is important. Kornai argues that Marx in *Capital* does not use the expressions "fundamental right" or "fundamental a contradiction". According to him, these terms derive from the teaching of political economy aimed at the interpretation of the content of the *Capital*. Kornai reports that Debraj Ray has criticized the concept of the "fundamental right" as formulated by Piketty¹⁴.

Kornai notes that in Piketty's book *Capital in the 21st century* appears in the index of names and surnames only once Hayek's name, and in general he does not use Piketty with the huge contribution he made to the science of economics and to the theory of the development of capitalism in particular Joseph Alois Schumpeter.

The scientific output of János Kornai is very interesting in terms of its content. All the works are well written from the methodological point of view. Although the title does not contain the word methodology, in fact it is a theoretical and methodological study. They have the highest scientific status. The most important book publications of János Kornai are as follows: *Overcentralization in Economic Administration; Mathematical Planning of Structural Decisions; Anti-Equilibrium; Rush versus Harmonic Growth; Economics of Shortage; Growth, Shortage and Efficiency; Contradictions and Dilemmas; The Road to a Free Economy. Shifting from a Socialist System: The Example of Hungary; Vision and Reality, Market and State: New Studies on the Socialist Economy and Society; The Socialist System. The Political Economy of Communism; Highway and Byways. Studies on Socialist Reform and Postsocialist Transition; Struggle and Hope. Essays on Stabilization and Reform in a Post-Socialist Economy; Paying the Bill for Goulash-Communism; Welfare, Choice and Solidarity in Transition: Reforming the Health Sector in Eastern Europe; By Force of Thought. Irregular Memoirs of an Intellectual Journey; From Socialism to Capitalism; Dynamism, Rivalry and the Surplus Economy: Two Essays on the Nature of Capitalism.*

V. Research problems undertaken by M. Xavier Richet

M. Xavier Richet is interested in international economic relations, globalization and regionalization¹⁵ of the world economy, economic problems of the Chinese economy.

¹⁴ Debraj Ray (2015). Nit-Piketty: *A comment on Thomas Piketty's Capital in the Twenty First Century*. CESifo Forum, 16 (1), 19–25, <http://www.cesifo-group.de/DocDL/forum1-15-focus3.pdf>.

¹⁵ An in-depth analysis of socio-economic processes in Europe in discussions conducted from the point of view of the history of economic thought is contained in the publication by Nikolay Nenovsky. Nikolay Nenovsky: *Economic Discussions at the European Periphery. Bulgarian Economists During the Great Depression* .

One of the main factors contributing to the globalization of economic life is foreign direct investment. These investments are the most visible effect of the progressive globalization of the world economy. Over the past thirty years the sectoral (industry) structure of foreign direct investments has undergone significant changes, these investments have been shifted from the raw materials sector; since the 1990s, over 50% of foreign direct investments have been transferred to the services sector. There has been an increase in the attractiveness of certain countries as places for allocation of foreign direct investments, in this number especially to China.

The concept of globalisation also means an increase in various types of connections between various entities of international life and mutual, most often asymmetrical impact in all spheres of society, from the internationalisation of markets and capital to finance and culture. There is a concentration of the activities of multinational companies. The majority of international corporations have their headquarters, i.e. they come from economically developed countries. Almost half of multinational and transnational corporations have their headquarters in five most economically developed countries, i.e. the USA, France, Japan, Germany, Great Britain. It should be noted that the value of international trade turnover equals only 2% of the value of international capital flow. Capital flows on a global scale are disconnected from actual investments and this poses a serious threat to the functioning of the modern world economy. The deformation of international financial transactions has so far progressed because it is not subject to regulation.

Xavier Richet's scientific work allows us to understand various aspects of economic life at local, regional and global level. One of Richet's earlier books was devoted to the issue of "the plan and the market"¹⁶, a topic which is famous in the theory of economics. This problem aroused great interest among economists in many countries, including Poland (Edward Łukawer, Włodzimierz Brus, Stanisław Gumułka). An example of Richet's interest in the

University of National and World Economy, Sofia LE STUDIUM, University of Orleans ICER, Torino, Orleans/Sofia, June/September 2010.

¹⁶ Richet Xavier: *Le modèle hongrois. Marché et plan en économie socialiste*. Presses Universitaires de Lyon (PUL), Lyon 1985, pp. 298. The review of this book was written by Krystyna Szymkiewicz. Szymkiewicz Krystyna: *Xavier Richet, Le modèle hongrois. Marché et plan en économie socialiste*. «Revue d'études comparatives Est-Ouest Année » 1986, vol. 17, n°1. pp. 144-145. See joint publication: János Kornai i Xavier Richet (éd.), *La voie hongroise. Analyses et expérimentations économiques*. Calmann-Lévy, Paris 1986, s. 319. The review of this book was written by Jacques Sapir. Sapir Jacques: János Kornai et Xavier Richet (éd.), *La voie hongroise. Analyses et expérimentations économiques*. «Annales. Économies, Sociétés, Civilisations » 1988. 43^e année, No. 1, 245 – 246.

problems of global regionalisation is to address the problems of the Maghreb countries from this perspective.

The dominant issue of Xavier Richet's scientific and research interests, which has come to the fore in recent years, is the issue of China's economy. The problems troubling this economy are studied by Richet in the context of innovation, management strategy, restructuring, employment, economic relations resulting from links with the European Union. Xavier Richet is a professor of economics at Sorbonne Nouvelle University of Paris. He is seconded at CNRS to the Hang Kong Contemporary China Study Centre. He conducts research on the development and strategies of Chinese industrial and financial groups, including analysis of factors stimulating their internationalisation and ways of competing with international companies in economically highly developed countries.

Below are some of the most important scientific publications of Xavier Richet in chronological terms. They are as follows:

The Hungarian Model, Cambridge, Cambridge University Press, 1989,

Les économies socialistes européennes. Crise et transition, Paris, Armand Colin, 1992

Economie de l'entreprise. Fondamentaux, Hachette, Col., 1994, 1996, 2001, 2006. Traduit et publication en russe, chinois, slovaque, vietnamien, albanais, bulgare.

La voie hongroise. Analyses et expérimentations économiques, édité avec Janos KORNAI, Paris, Calmann-Levy, 1986

Innovation et emploi, à l'Est et à l'Ouest. Les entreprises hongroises et françaises face à la modernisation (en collaboration), Paris, L'Harmattan, 1990

Grands problèmes économiques; Hachette-Supérieur, 1995

Reestructuración industrial en las economías en transición, (avec B. Bastida), Barcelona, Publicacions Universitat de Barcelona, 2000

Foreign Direct Investment in Central Eastern Europe : Case Studies of Firms in Transition (Microeconomics of Transition Economies) (avec Saul Estrin, et Josef C. Brada), 2000; N.Y, M.E.Sharp

Gouvernance, coopération et stratégie des firmes chinoises, (co-éditeur, avec Jean-François Huchet), L'Harmattan, Paris, 2005

Vers l'élargissement de l'Union européenne à l'Europe du Sud-Est (co-éditeur avec Michel Drouet), Presses universitaires de Rennes, Rennes, 2007

- Globalisation of Firms in China, India and Russia. Emergence of National Groups and Global Strategies of Firms* (avec Jean-François Huchet et Joël Ruet) (eds.) Academic Foundation, New Delhi, 2007
- China and the Global Crisis : A Comparison with the European Union*, (avec JP Cabestan et JF Di Miglio), Routledge, 2011
- Strategies of Multinational Corporations and Social Regulation* (ed. avec V Delteil et P. Dieuaide), Springer, 2014
- Chine, Inde: les firmes au coeur de l'émergence* (ed. avec J.-F. Huchet et J. Ruet), Rennes, PUR, 2015
- Western Balkans and the EU. Lessons from past enlargement, challenges to firther integrations* (ed. avec Vesselin Mintchev and Nikolay Nenovsky), Sofia, The University of National and World Economy, 2015
- Le Maghreb à l'épreuve de la mondialisation* (ed. avec N. Safir), Paris, L'Harmattan, 2016
- Les nouveaux territoires économiques. Acteurs et facteurs d'émergence.* (ed. avec Ph. Clerc et D. Guerraoui), Casablanca, La Croisée des chemins, 2017
- L'Europe. Approches géopolitique et économique*, (ed. avec J-P Chagnollaud) Paris, L'Harmattan, 2018

From this list it appears that Xavier Richet's empirical research covers regions such as the Balkans, the Maghreb, the post-Soviet area and the Chinese economy. Xavier Richet has conducted research at universities in 26 countries. He was the project manager for the BALKANINT project (2013-2016). is a member of the Belt and Road Initiative research network. He manages the programme: "Multidisciplinary views on European integration in the Western Balkans", "Maghreb Economy and Geopolitics:", programme: "Brazil, Russia, India, China (BRIC)".

Richet was awarded the title of Doctor Honoris Causa by Corvinus University of Budapest, Hungary and the Bulgarian Academy of Sciences for his scientific work.

VI. Xavier Richet's Empirical View on Changes in the Modern Economy

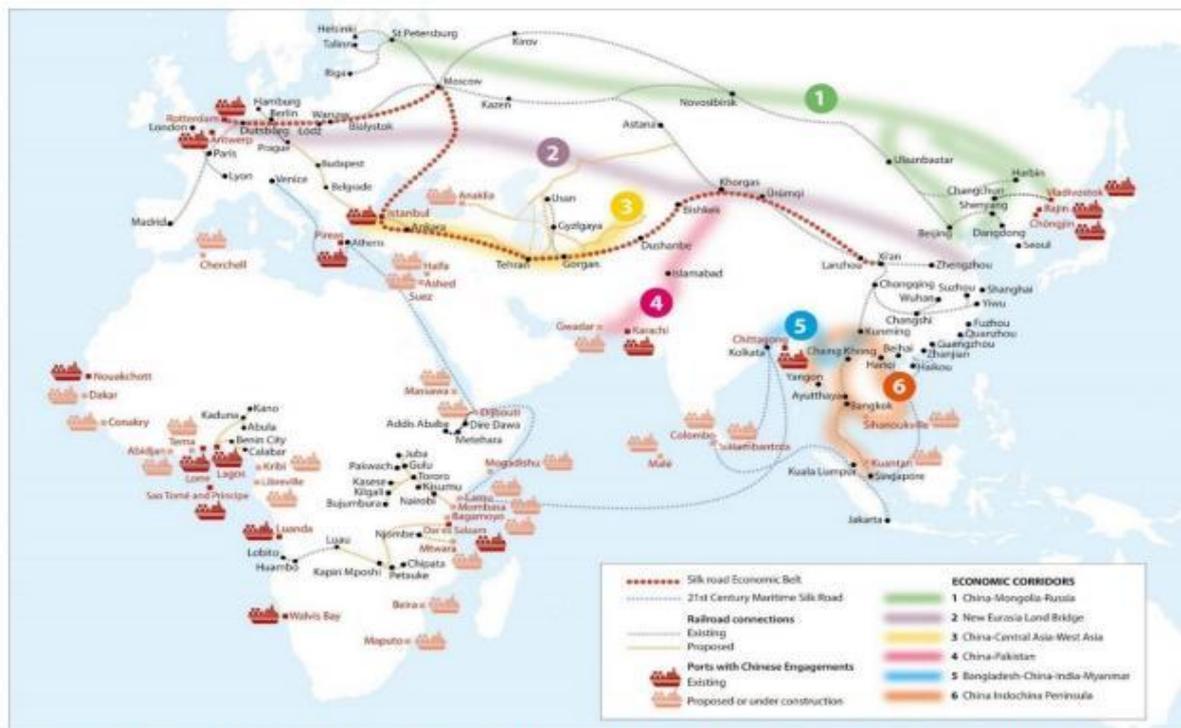
“One Belt One Road” is a project that fulfils the objectives of the Chinese development model. It lists 6 corridors in order to have an overview of where to locate infrastructure investments along these corridors.

1. New Eurasia Land Bridge: involving rail to Europe via Kazakhstan, Russia, Belarus, and Poland.
2. China, Mongolia, Russia Economic Corridor: including rail links and the steppe road – this will link with the land bridge.
3. China, Central Asia, West Asia Economic Corridor: linking to Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, Turkmenistan, Iran, and Turkey.
4. China Indochina Peninsula Economic Corridor: Viet Nam, Thailand, Lao People’s Democratic Republic, Cambodia, Myanmar, and Malaysia.
5. China, Pakistan Economic Corridor: Xinjiang Province will be most affected.

This important project links Kashgar city (free economic zone) in landlocked Xinjiang with the Pakistan port of Gwadar, a deep water port used for commercial and military purposes.

6. China, Bangladesh, India, Myanmar Economic Corridor: This is likely to move more slowly due to mistrust over security issues between India and China

Ryc. 1. One (land) belt one (maritime) road



Source: OECD research from multiple sources, including: HKTDC, MERICS, Belt and Road Center, Foreign Policy, The Diplomat, Silk Routes, State Council Information Office of the People’s Republic of China, WWF Hong Kong (China).

Source: I quote from: : “China’s Belt and Road Initiative in the global trade, investment and finance landscape”. OECD BUSINESS AND FINANCE OUTLOOK 2018 © OECD 2018. <https://www.oecd.org/finance/Chinas-Belt-and-Road-Initiative-in-the-global-trade-investment-and-finance-landscape.pdf>. [Access: 15.11.2019].

Ryc. 2: Road and sea routes



Source: Robert Walenciak: "There is no wall, there is the Silk Road. Przegląd" weekly June 20, 2016 [https://www.tygodnikprzeklad.pl/muru-jedwabny-szlak/ Access: 15.11.2019].

The following tables illustrate the state of foreign direct investment, Chinese direct investment, located in Europe. Table 1 illustrates investment in Piraeus (Greece), Table 2 in Spain and Table 3 in Portugal.

Tab. 1. COSCO investments in the Piraeus Port Authority

2009	COSCO invested in the port's infrastructure and has brought in other leading operators (Hewlett Packard, Maersk and the Mediterranean Shipping Company).
April 2016	COSCO gained the majority 51% stake of the Piraeus Port Authority for €350 million.
August 2016	COSCO increased its current acquisition to a 67% stake of the Piraeus Port Authority for a total €368.5 million.
2016-2025	COSCO will invest €350 million over the next decade to improve the port's facilities.

Source: Xieshu Wang, Joel Ruet, Xavier Richet: "One Belt One Road and the reconfiguration of China-EU relations, p.12. <https://hal.archives-ouvertes.fr/hal-01499020/document>. [Access 15.11.2019].

Tab. 2. Chinese investments in Spanish ports

	Chinese investor	Spanish ports	Investment amount
2012	Hutchison Port Holdings	Barcelona Europe South Terminal	€300 million
2014	Hutchison Port Holdings	Barcelona Europe South Terminal	€150 million
2016-2017	COSCO/China Merchants (potential investors)	The Port Authority of Valencia	€500 million

<https://hal.archives-ouvertes.fr/hal-01499020/document>. [Access 15.11.2019].

Tab. 3. Chinese investments in Portugal

	Chinese investor	Portuguese company	Shareholding
2011	China Three Gorges Corporations	Electricidade de Portugal (Portugal's public electrical power supply company)	21% stake
2012	State Grid Corporation of China	Rede Energética Nacional (Portugal's national electrical grid operator)	25% stake
2014	Fosun International	Caixa Seguros e Saude SGPS SA (Portugal's largest insurance group)	80% stake
2016	China Hainan Airlines	TAP Portugal (Portugal's national air carrier)	23% stake

Source: Xieshu Wang, Joel Ruet, Xavier Richet: One Belt One Road and the reconfiguration of China-EU relations, p.14.

<https://hal.archives-ouvertes.fr/hal-01499020/document>. [Access 15.11.2019].

Conclusion

The aim of this paper is to present the reasoning and conclusions of two economists with very high scientific achievements in the field of economics and international economic relations. Janos Kornai's theory of economics contains an analysis of economic systems and their comparison at many levels of cognition. In Xavier Richet's publications, on the other hand, international economic relations are very carefully examined at all nodal points. These include globalisation, regionalisation, internationalisation, restructuring, global governance, and detailed analysis of the economy of large China.

The achievements of both scholars are testimonies to the cognitive progress that is taking place in the economy of the 21st century.

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