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SHORTAGE ECONOMY – SURPLUS ECONOMY

Background material:

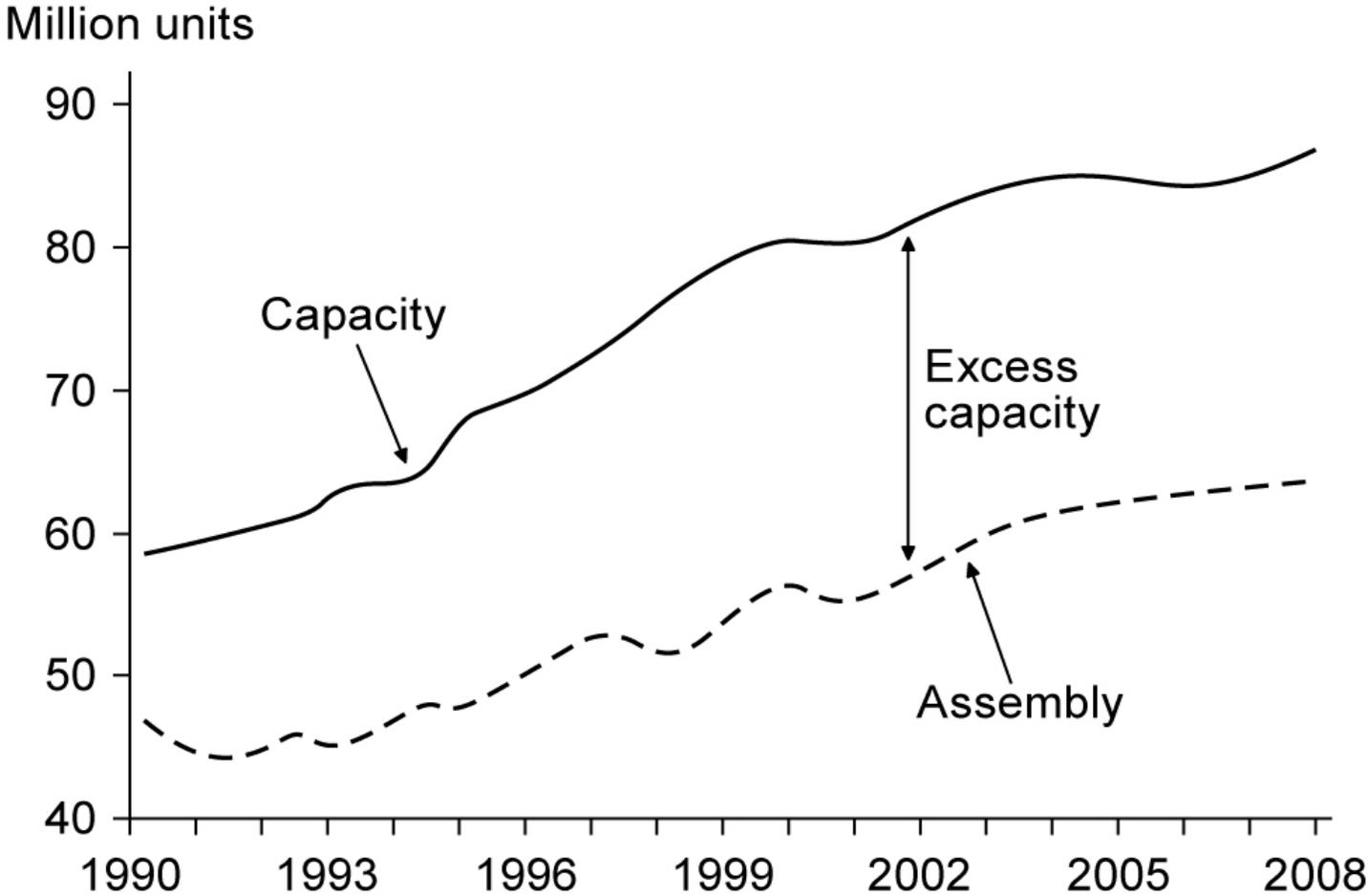
**János Kornai: *Dynamism, Rivalry and the Surplus Economy*
Oxford: Oxford University Press, 2013.**

WAITING TIME FOR CARS IN SOCIALIST COUNTRIES, 1989

Waiting Period in Years

	<i>Make of Car</i>					
	<i>Lada</i>	<i>Skoda</i>	<i>Moskvich</i>	<i>Wartburg</i>	<i>Trabant</i>	<i>Dacia</i>
Bulgaria	10-12	5	2	2	1	1
Czechoslovakia	3-4	-	-	-	-	-
East Germany	17	16	-	14-16	14	15
Hungary	4-6	6	-	1	0	-
Poland	5-6	6-8	-	3-4	2-3	-
Romania	-	-	-	-	-	4-6

EXCESS CAPACITY IN THE AUTOMOTIVE INDUSTRY, 1990-2008



DEFINITIONS AND CENTRAL PROPOSITIONS

Definitions

Shortage economy: excess demand phenomena dominate; these are frequent, intensive and chronic.

Surplus economy: excess supply phenomena dominate; these are frequent, intensive and chronic.

Central propositions

The nature of the socialist system: produces a shortage economy.

The nature of the capitalist system: produces a surplus economy.

CONSEQUENCES OF THE SURPLUS ECONOMY

1. Rapid technical development
2. Power relations: the buyer is stronger
3. Chronic unemployment
4. Highly unequal income distribution
5. Waste (or the feeling of waste)
6. Direction of corruption: the seller bribes the buyer