Interview with Dr. Iván Bélyácz

Vivien Csapi

It seems like yesterday, but it will soon be five years since Professor Iván Bélyácz, full member of the Hungarian Academy of Sciences and head of the Doctoral School of the Faculty of Economics of the University of Pécs, retired. I could say that he started his well-deserved retirement, but looking at the MTMT profile, the list of PhD students who have reached the top under his mentorship, the honorary professorship of the Partium University of Oradea, or the 2022 Széchenyi Prize, it has been a productive five years. He continues to be a key figure in the Hungarian scientific community, a mentor and advisor to many of us. We also need his experience and guidance in the accelerated, digitalised world around us, which at the same time struggles with its sustainability.

He has researched amortisation theory, equity finance and privatisation, risk and uncertainty, corporate growth, foreign working capital, ergodicity and professional ethics. Always the phenomena currently subverting the financial profession or their impact. What do you see as a current force that is subverting our present?

In recent decades, the market economy has overtaken the real economy in the developed world: today, wealth accumulated in financial assets is several times greater than wealth in real assets. This process has several adverse consequences: a large share of investment is going into the financial economy, leading to a reduction in investment in the real economy; the returns on financial investment are significantly higher than the returns on real investment; the attraction of annuity hunting is becoming excessive; the risk taken on investment is becoming undervalued; and this leads to the inflation of asset bubbles, an increased propensity to crisis and a disproportionate increase in inequality. One of the greatest challenges of our time is the rise in inequality on all sides, which, in addition to its serious economic consequences, has alarming social consequences. Excessive concentration of wealth also distorts distributional relations.

A bloody money answer. I'm surprised you didn't mention artificial intelligence, which is a hot topic in our conversations.

Artificial intelligence is a feat, an invention that can only be compared to the greatest achievements of the last century, the atom, the computer or the gene map. Today, the applications in which problem solving can support creative thinking, learning, conflict management and many other functions are immense. With

today's knowledge, it can be either a blessing or a curse, it is all up to the user. And it is clear that widespread use is unthinkable without regulation, coordination and adherence to ethical principles. Artificial intelligence can be an extremely effective tool for education, learning and thinking, but it cannot be reduced to a mere service provider, and creative thinking will continue to be needed. Teachers, researchers and students in economics work with data (Big Data), and AI feeds on it. Users need to be aware of what is going on in the big black box of AI. In my opinion, natural intelligence should be combined with AI.

So don't you think artificial intelligence is the biggest threat to science today?

The greatest threat to science today and in the future is the rapid spread of unscientific views and the proliferation of anti-knowledge. In our world, with its masses of extremely complex unsolved problems and conflicts, simple solutions without any basis, and ideas based on false reasoning, are very popular. Beyond formal recognition of the importance and authority of science, there is a need to accept and apply the results, explanations and values of science as opposed to uncritical acceptance of interpretations of the world from suspect backgrounds. The dissemination of knowledge can be a powerful force in reducing manipulability.

I hear incredible determination and dedication in these sentences. What motivates you to spread knowledge, to disseminate scientific knowledge, to write, to teach, to create in general? And who were the authors who had the greatest influence on your becoming a scientist?

It is interesting that from the beginning of my career, my research has been in the same problem area – investment – investment. Next year will be the fiftieth anniversary of the publication of my first paper in the Statistical Review. It was a discussion paper, and in it I wrote about the problems of applying investment-economy methods. As an author, I became known in the Financial Review of the 1970s and 1980s and in the then Figyelő magazine. To date, the Tára Magyar Tudományos Művek Tára has more than 200 of my papers, with a total of 600 citations from home and abroad. Publishing has been very important to me throughout my career, an effective means of self-expression. It is also interesting to note that my academic teaching has been closely intertwined and complementary with my research, and teaching has always been a good way to test my ideas. I am in a position where writing has become an essential part of my days, and writing articles evokes the same atmosphere I experienced at the beginning of my career.

During my career, I have been exposed to the work of many authors, it would be difficult to highlight just a few. As I have been concerned a lot with risk and uncertainty, the works of Knight and Keynes have been the strongest impetus, even though they were written more than a hundred years ago. I learned a lot from János Kornai's creative approach and his approach to problems. Hayek's „The Road to Serfdom" had a great impact on me, with its elevation of human freedom as a particularly important value.

What would you do to make your chosen profession, being a research economist, more attractive for people about to graduate?

It is a well-known experience that the vast majority of economics graduates find opportunities for self-fulfilment in practical careers and jobs, and a smaller proportion choose a career as a researcher in education. In the latter case, it is fortunate if the choice is made out of a vocation, which is later combined with commitment. The young people who choose a career in science can experience the same beauty. It gives them the same breadth of vision as those working in the field. The reward of research is just as attractive a prospect as any other means of self-fulfilment. Although a career as a researcher in education does involve some sacrifices, as in-depth research is time-consuming and tedious.

Finally, tell us what is currently on your mind, what is the next Bélyácz manuscript about?

I have been working for some time on the economics of risk and uncertainty, particularly their role in decision-making. The dominant school of economic theory is neoclassical economics, with its principles, paradigms and basic tenets expressed in formal models, and it is difficult to incorporate uncertainty into this school of thought, as it cannot be quantified. This is a major problem because uncertainty is present in all economic decisions. For example, in financial decisions, forecasting raises a number of critical issues, since the consequences of decisions cannot be known precisely in advance. In economics, risk is considered as a quantifiable phenomenon, which is also not without its dilemmas.

I agree with Ulrich Beck's view that a holistic understanding of risk requires experts to understand the financial and economic history, institutions and markets associated with financial products. In the current practice of teaching finance in economics schools, there is a tendency to teach in an abstract and ahistorical spirit, and this is a big problem because it significantly reduces risk awareness and recall. This needs to change, so that students and teachers develop a sense of context, taking into account the social consequences that affect their work. This would sharpen our understanding of risk, ensuring that we recognise that the past is more than a set of numbers or statistics.

So there is still much to be done in scientific research to help account for uncertainty and risk. ■