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Jacques Polak dies at 95, pioneering economist who helped design IMF framework

By Emma Brown
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Jacques Polak, 95, a Dutch-born economist who helped design the basic economic framework of the International Monetary Fund and later used his training to devise a winning approach to Scrabble, died Feb. 26 at his home in Bethesda. He had lymphoma.

As a rising young economist in the late 1930s and early '40s, Dr. Polak worked in Geneva at the League of Nations, at the Dutch embassy in Washington and at the United Nations Relief and Rehabilitation Administration. He represented the Netherlands at the 1944 Bretton Woods conference in New Hampshire, where he was one of hundreds of delegates from more than 40 nations who gathered to work out basic principles of international economic cooperation to avoid another Depression.

Dr. Polak was thought to be one of the last surviving delegates to Bretton Woods, which gave rise to the development-oriented World Bank and the IMF, which was charged with maintaining the stability of the global financial system. Dr. Polak took a job in 1947 as chief of the IMF's statistics division. In 1958, he rose to become director of the research department, a position he held until retiring in 1980. He had also served as an economic counselor since 1966.

In those jobs, Dr. Polak was instrumental in creating the post-World War II international monetary system, which was based on fixed exchange rates that were pegged to the value of the U.S. dollar. He went on to play a key role in refashioning that system after it collapsed in the early 1970s.

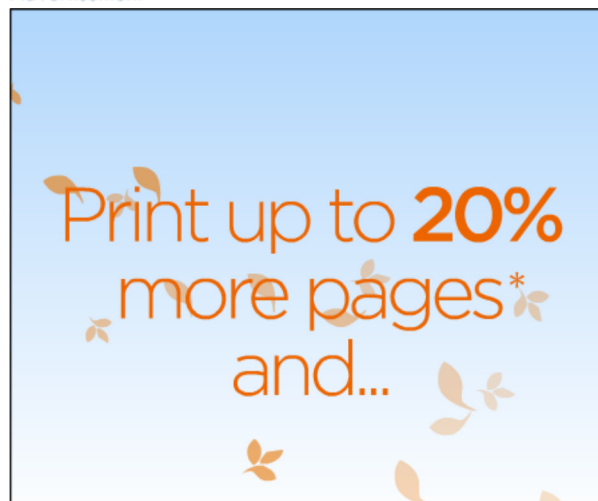
His most important contribution to the IMF was the 1957 Polak Model, which gave economists a way to determine the effect of a country's domestic policies on its international balance sheet. For example, the model gave IMF officials, who lent money to countries in fiscal crisis, an analytical basis for proposing that those countries curtail the growth of domestic credit.

"Now the IMF could tell [countries] what they needed to do to ameliorate the problem," said Dr. Eswar Prasad, a senior fellow at the Brookings Institution and former IMF economist. He said Dr. Polak was the first economist to tie domestic policies to external financial imbalances this way, and though current models have become more sophisticated, they retain that fundamental concept. "It was a very important building block for where we are today," Prasad said.

Dr. Polak also contributed to the development of Special Drawing Rights, an international reserve used to promote economic growth by increasing global liquidity.

After retiring, he returned to the IMF from 1981 to 1986 as executive director of the Netherlands constituency, which included Yugoslavia, Romania, Cyprus and Israel. From 1987 to 1997, he served as president of the IMF's Per Jacobsson Foundation, which sponsors annual lectures by prominent economists and policymakers. Until late 2007, he remained an adviser at the IMF, where an annual research conference

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was named after him.

Jacques Jacobus Polak was born in Rotterdam on April 25, 1914. As a student at the University of Amsterdam, he planned to become an accountant with his family's firm, but an interest in economics led him to receive a doctorate in that subject in 1937. That year, he moved to Geneva to work as an assistant for future Nobel laureate Jan Tinbergen, an economist who was studying business cycles for the League of Nations.

"I learned more mathematics and even, I believe, more economics in that office than during my entire studies," Dr. Polak once wrote. "Subjects suitable for journal papers were as easy to find as colored eggs on Easter morning."

During World War II, the U.S. government helped relocate 10 League of Nations economists, including Dr. Polak, to Princeton University. Accompanied by their families, they boarded a bus for what Dr. Polak described as a "harrowing" trip. At one point, he told an IMF publication, the bus collided with a freight train and was knocked into a field. They traveled through occupied France and neutral Spain and Portugal, where they caught a boat to the United States.

In addition to his work with the IMF, Dr. Polak proved that economics can extend beyond the abstruse and into the everyday when he used the tools of his discipline to develop rules for maximizing one's score in the word game Scrabble. The most common mistake, he wrote in the American Economic Review in 1955, is what he called the shortsighted tendency to try to win the highest number of points on each turn, rather than saving certain letters for potentially higher gains later in the game.

Letters with low face-values, he concluded, should be used anytime, but those with higher values should be saved for double or triple scores. Despite Dr. Polak's recognized analytical skills, however, his Scrabble rules did not always hold up in battle; his wife, the former Josephine Weening, reportedly beat him often.

She died in 2008 after 70 years of marriage. Their son Herman-Joost Polak died in 2005. Survivors include another son, Willem Polak of Glen Echo; a sister; five grandchildren; and four great-grandchildren.

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