

The Passing of an Iconic Figure at the IMF

IT is with great sadness that we report the death in February of Jacques Polak, whom we profiled in our June 2008 issue of *Finance & Development*. Dr. Polak was an iconic figure at the IMF and was present at the creation of the Fund in 1944.

During the three decades he was a senior IMF official, he played a major role in the development of the international monetary system: its creation in the years immediately following World War II and its recalibration in the early 1970s after the demise of the global fixed exchange rate system. He was instrumental in the development of Special Drawing Rights—the international reserve asset that was utilized as recently as last year to bolster international liquidity during the global financial crisis.

But it was his development of the eponymous Polak Model in 1957 that both Dr. Polak and colleagues agreed was the economist's most important contribution both to economics and to the institution he served for six decades.

The Polak Model explained a country's balance of payments in monetary terms, enabling economists to understand the causes of a country's international economic imbalances. By locating the source of balance of payments problems in domestic credit creation, the model gave the IMF the ability

to prescribe the steps a nation in economic distress should take to correct them.

Dr. Polak, who was 95 when he died, also served as president of the IMF's Per Jacobsson Foundation from 1987 to 1997 and after that maintained an advisory role, coming to the IMF several times a week until late 2007. He will be greatly missed by all of us.

In this issue of *F&D*, we look at why countries vie to host the world's most costly sporting events and, in several articles, look at the continued fallout from the global economic crisis. As usual, we take on a number of hot topics, including housing prices, protectionism, bankers' bonuses, Ponzi schemes, and dollarization. In "Picture This" we look at how hunger is again on the rise in parts of the world and our regular "People in Economics" column profiles Daron Acemoglu, the Turkish-born intellectual who won the American Economic Association's award in 2005 as the most influential U.S. economist under the age of 40.

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