Review submitted in regard to the motion of the Senate of the Cracow University of Economics to award the title of Doctor Honoris Causa to Professor Jeffrey Sachs

Throughout the history of their discipline, economists have harboured, to varying degrees, a kind of inferiority complex towards mathematicians, physicists and other representatives of science in the Anglo-Saxon meaning of the word. Even today, at certain American universities, economics is included among the liberal arts, next to philosophy and law. As far as mathematics is concerned, the source of this complex has been the fact that economics, with regard to the very nature of the phenomena and processes it analyzes, cannot boast a comparable level of precision and reliability – even within the framework of the most methodologically sound deductive reasoning. This is true irrespective of the various attempts that have been made in this regard; from W. Petty’s concept of economics as a kind of “political arithmetic”, through L. M. E. Walras’ understanding of economic theory as a branch of applied mathematics, to P. A. Samuelson’s idea that economics is a science chiefly concerned with the broadly-understood optimization and stability conditions of dynamic systems. In regard to physics, or at least classical physics, we might add that economics lacks a comparable ability to predict the future course of phenomena and processes with accuracy and precision.

Yet, is there anything for which mathematicians, physicists and other representatives of science might envy economists? I am convinced that this “object of envy” exists and – what is more – is easily identified. Irrespective of the need to keep searching for and improving theories and methodologies, economics was, and continues to be, a science that is highly utilitarian in...
nature. This means that it should offer generalizations that not only accurately
describe the changing economic reality, becoming the basis for predicting
economic processes and phenomena, but which also allow those processes
and phenomena to be controlled by macroeconomic and sector-based policies,
structural policy and public regulation etc., in such a way that economy and society
achieve the maximum possible benefit from the resources available. Therefore,
mathematicians and physicists can envy economists the ability – as everything in
this world, an ability that is unevenly distributed – to impact significantly upon the
wealth and prosperity of individuals and societies alike.

We all inhabit the same physical world, and yet, in the past as in the present,
countries with diverse socio-economic systems, but even those with similar
economies and societies, differ radically in terms of their development level and
prosperity. A lot therefore depends on economics and economic policy (the
latter being aptly described by Walras as applied economics), and thus on the
people who pursue these disciplines both at universities and in practice. We can
take this line of reasoning a little further. Gary Becker once said that the beauty of
economic growth and development lies not only in the fact that we produce and
consume more, but primarily in the fact that growth and development – provided,
I would add, that it is sustainable and is not misdevelopment – expands the limits
of our choice. Going further, if that choice means greater freedom, then to some
extent this expanding dimension of choice also contributes to happiness, or at
least entails an increase in the real well-being of society.

From the above perspective, the achievements of economists could and
should be assessed also in terms of the impact economists have on economic
processes and phenomena through their prudent recommendations – based
on deep theoretical and empirical knowledge – for economic policy, the world
of business, etc. Among contemporary economists and academics, it would
be difficult to find a person who, as brilliantly and successfully as Prof. Jeffrey
Sachs – upon whom The Cracow University of Economics is today bestowing its
highest honour of Doctor Honoris Causa – transfers and implements economic
science and knowledge – particularly, but not exclusively, macroeconomics
– into economic practice, through his intellectual support for the creation of
macroeconomic policy and institutional solutions serving to engender balanced
and long-term economic development and growth, both in the neoclassical
sense and in terms of the theory of sustainable development. It would be equally
difficult to find an economist who, to a comparable extent as Jeffrey Sachs, has been involved in solving the most pressing economic, social and environmental problems of the world today, as is shown, in particular, by his publications and his role as an advisor in regard to implementing the so-called Millennium Development Goals adopted by the United Nations.

In this context, I regard it as a great honour to be asked to prepare a review justifying the award by The Cracow University of Economics of the title of Doctor Honoris Causa to Professor Jeffrey D. Sachs, director of the Earth Institute at Columbia University, Quetelet Professor on Sustainable Development, and Professor of Health Policy and Management. This is also because, among foreign economists, there is certainly no other person who has, to such a massive extent – right from the early days of the Solidarity movement – aided the process of designing and executing the reforms constituting the Polish transformation, the transition from a command or planned socialist economy to an economy based on the free market and private enterprise, and the transition from a totalitarian or authoritarian political system to an open system based on pluralist democracy.

Considering Prof. Jeffrey Sachs’ remarkable achievements, including his unique ability to combine strictly academic and research activities with advisory work at the national governmental level, as well on the international – not to mention global – arena (for instance, in regard to the implementation of the Millennium Development Goals or his role as an advisor to the Secretary-General of the UN), to prepare a review as part of the process of awarding Professor Sachs an honorary doctorate is, for the author of such a review, not only a great honour but also a challenge; not least because Professor Sachs’ numerous achievements as a person involved in creating the theoretical foundations of and implementing market reforms in various countries and creating a new world economic order are reflected in the vast number of prestigious functions he has held and in the many distinctions and awards, both academic and public, that he has received around the globe. Here I shall list only the most important of these:

– 10 honorary doctorates from American and foreign universities,
– winner of the Sargent Shriver Award for Equal Justice (2005),
– recognition by Time Magazine as one of the world’s hundred most influential people (2004 and 2005),
– economic advisor to the President of Bolivia in 1986–1990 and advisor on financial reform to the governments Argentina, Brazil, Ecuador and Venezuela in 1988–1990,
– advisor on economic reform to Solidarity in 1989 and to the Government of Poland in 1989–1991. For his contribution to the creation of a market economy in Poland he received in 1999 the Order of the Commander’s Cross for Services to the Republic of Poland,
– between October 1991 and January 1994, head of President Yeltsin’s team of economic advisors on macroeconomic stabilization, privatization and deregulation,
– director of the UN Millennium Project and special advisor to UN Secretary-General Kofi Annan on the Millennium Development Goals, as well as president of the Millennium Promise Alliance,
– director of the WHO’s Commission on Macroeconomics and Health in 2000–2001,
– director of the Earth Institute at Columbia University,
– head of many national (USA) and international research projects, including a programme on economic transition in Asian countries (Emerging Asia: Changes and Challenges, Asian Development Bank 1997), a study on public health and economic development around the world (for the WHO), and a study on reducing world poverty (under the UN’s Millennium Project).

Professor Jeffrey Sachs is the author of more than 200 academic publications, including 20 books and monographs that he has authored/co-authored or edited/co-edited. Among these are two publications:
– Economics of Worldwide Stagflation (with Michael Bruno), 1985 and
– The End of Poverty: Economic Possibilities of Our Time, 2005
which became global academic events. The majority of Prof. J. Sachs’ studies and articles have appeared in the most prestigious American, European and Asian journals: American Economic Review, Journal of Environmental Economics and Management, Harvard International Review, Journal of Development Economics, Economic Policy, Journal of International Economics, Journal of Money, Credit and Banking, Asian Economic Papers and many others. They have also appeared in series published by renowned research institutions, such as the Brookings
Institution or the National Bureau of Economic Research. Prof. Sachs’ interest in energy issues and sustainable development, climate change, public health and the fight against poverty, has led to many of his academic papers appearing in prestigious medical, political science and environmental journals, among them the New England Journal of Medicine and the American Journal of Tropical Medicine and Hygiene. Prof. Sachs’ output also includes over 50 Working Papers published at American and foreign universities, as well as by research institutions and UN agencies, such as the Harvard Institution of International Development, National Bureau of Economic Research, Brookings Institution and World Health Organization.

It would be difficult to point to a contemporary economist who, to a degree comparable to that of Prof. J. Sachs, has disseminated economic and political thought, as well as the results of his own research, in journals and newspapers, which, although they may lack an academic profile, are nonetheless opinion-forming, often on a global scale. Prof. J. Sachs’ output includes more than three hundred such publications, while the list of newspapers and journals in which they have been appeared is truly impressive. The list includes The New York Times, The Boston Globe, The Telegraph, The Financial Times of London, The Economist, Foreign Affairs, Fortune Magazine, Newsweek, India Today, The Hindu, Nature, Science, New Scientist, Scientific American, The Lancet and many others.

These facts attest to the widespread recognition, popularity and appreciation of both the academic and public activities of Professor Jeffrey Sachs. Consequently, I firmly believe that it is unnecessary to submit to the Senate of the Cracow University of Economics a “traditional” academic review. Instead, I would like to highlight briefly some of the characteristic features of his academic work and activities as an advisor.

Before I do so, however, I would like, as a formality, to list some of the key facts from the candidate’s CV. Jeffrey Sachs was born in Detroit in 1954. He received his bachelor’s degree in 1976 from Harvard College, which was followed in 1978 by a master’s degree in economics from the University of Harvard. Barely two years later, in 1980, he received his doctorate from the same University. Jeffrey Sachs worked at Harvard for the next twenty or so years, becoming a full professor in 1993. In the years 1995–2002, he was the first director of the Harvard Institute for International Development, renamed in 1999 the Center for International Development. It is worth noting that this
renowned Institute – in cooperation with the US Department of State’s Agency for International Development – also supported development processes in post-communist countries undergoing systemic transformation. In Poland, there operated at the Ministry of Environment an HIID Working Group for Institutional Reform and Environmental Protection, led by Dr Glen Anderson, in which I myself had the honour to participate. Since 2002, Prof. Jeffrey Sachs has been associated with yet another exceptionally prestigious American University, namely, Columbia University, where he is director of the Earth Institute. This is one of the world’s best-known university institutes, which deals on a global scale with such issues as sustainable development, the fight against hunger, disease, poverty and social inequality, as well as climate change. Professor Jeffrey Sachs has given a series of guest lectures at many American and foreign universities, including Yale University, the London School of Economics, Oxford University and Tel Aviv University.

Almost from the beginning of his professional career, Prof. J. Sachs has combined academic research with advisory work in two key areas: (1) macroeconomic reforms and the international debt crisis and (2) the broad issue of sustainable development, considered in all three of its principal aspects: economic, social – with particular emphasis on the fight against hunger and disease in developing countries – and environmental – in particular, climate change and energy issues. In the first part of this review, I mentioned the many functions Professor Sachs has held on the international arena that are connected with these two key areas. Supplementing this list, I would like to mention a few more of the major international research projects he has headed. In 1987–1988, Prof. J. Sachs was director of the National Bureau of Economic Research project on the international debt crisis, one effect of which was the publication of a four-volume work, edited by Professor Sachs, entitled: Developing Country Debt and Economic Performance (University of Chicago Press, 1989). In the years 1990–1992, within the framework of the World Institute for Development Economics Research at the United Nations University, Prof. J. Sachs was director of a research project on economic reform in the former Soviet republics and Eastern Europe. In 2001–2002, as chairman of the WHO’s Committee on Macroeconomics and Health, he led a major research project on global public health and economic development. In the years 2002–2005, as director of the United Nations Millennium Project, Prof. Jeffrey Sachs directed a research project devoted to reducing world poverty.
Prof. Jeffrey Sachs’ contribution to the commencement of Poland’s economic transition requires a special mention. His recommendations in this regard, especially those concerning the plan for rapid stabilization and liberalization of the Polish economy and its privatization, were to a large extent founded on the theoretical reflections based on extensive empirical observation and put forward (together with M. Bruno) in 1995 in *Economics of Worldwide Stagflation*. This plan was the subject of much criticism and polemic. Yet it became the basis of the Polish economy’s long-term growth, although in the short term it led to a certain regression – understood as a decline in the rate of growth – which has often been termed the transformational recession. These reforms, however, including the progressive privatization of the Polish economy, were chiefly responsible for the fact that, until almost the end of the 1990s, the Polish economy was characterized by high and relatively stable growth. After a brief slowdown in growth at the beginning of the present decade, connected with the downward phase in the medium-term business cycle, the Polish economy is once again experiencing high growth. What is perhaps more significant, however, is the fact that due to this bold, and to some extent risky, programme of reform – with no precursor in modern economic history – it was possible to achieve what also many pro-market economists and politicians believed was impossible to achieve in such a short period of time. The point is that Poland, a country in serious economic crisis, characterized by major macroeconomic instability, profound market disequilibrium and hyperinflation, was able, relatively fast, to make the transition to macroeconomic stability, understood in both static and dynamic terms.

What is worthy of note, and indeed of great respect, is the fact that Jeffrey Sachs, appreciating the importance of macroeconomic reform and stability, including their role in triggering economic growth and avoiding the dangers of misdevelopment painfully experienced both by former communist countries and by developing ones, never fell into the trap of what we might term – by analogy to political correctness – “macroeconomic correctness”. I understand this to mean – in simplified terms – the view that measures designed to achieve macroeconomic stability – low inflation, stable public finances, external equilibrium – are absolutely sufficient to maintain growth tendencies in the economy, and consequently that various sector-based policies or structural policy, as well as such things as regional or environmental policy, whose purpose is to bolster development trends, are
implicitly unnecessary or of little significance. The fact that Jeffrey Sachs also perceives macroeconomic stability as a necessary but insufficient condition for triggering and maintaining development trends, especially in countries that have only just begun to build a modern market economy, is convincingly attested not only by his passionate involvement in the fight against hunger, poverty and disease in developing countries, but also by the subject-matter of many of his academic publications, such as the 2005 work: *The End of Poverty: Economic Possibilities of Our Time*. For what this book clearly endorses is an approach to solving the problems of poverty and economic underdevelopment that refers to the way in which economic growth is understood, as well as to axiological assumptions, and to the theory of sustainable growth, focusing on the need for equilibrium between society, economy and the environment in the process of development, and which in this sense can also be termed “equilibrium growth”.

To conclude: I regard as fully justified the motion of the Senate of the Cracow University of Economics to award its highest academic honour, the title of *Doctor Honoris Causa*, to Professor Jeffrey Sachs, director of the Earth Institute at Columbia University. Considering the manifold, and even exceptional and unique nature of his achievements in the areas identified in this review, I would also like to take this opportunity to state, without hesitation, that the acceptance of this title by Professor Sachs is also a great honour for his new Alma Mater.