

Conferment of the Degree of Doctor of Social Science, *honoris causa*  
A Citation

**Professor Dale W. Jorgenson, BA, AM, PhD, Doctor of Economics (Hon),  
Doctor of Business and Commerce (Hon), Laurea Honoris Causa**

In a paper published in 1963 a young economist first outlined the powerful and original concept of the cost of capital and investment, which enabled his contemporaries to model future asset prices against past accumulations of capital in a wholly new way. The economist was Dale W. Jorgenson, now Samuel W. Morris University Professor at Harvard, who stands before us this morning. This groundbreaking approach of the 1960s became the underlying theme of Professor Jorgenson's many important contributions to economic theory and practice for the next forty years or so. In those years, he has published over 240 articles and over 30 books, all with the very highest level of impact. One of these books, called *Lifting the Burden: Tax Reform, the Cost of Capital, and US Economic Growth* (2001), formulates a new approach to taxation called Efficient Taxation of Income. This approach differentiates between property-type income and income derived from work, the latter to be taxed at 10%, the former at 30%, with the incentive for saving and new investment of a credit against taxes on business income. The tax system Professor Jorgenson advocates to the US Federal Government would not only generate tax gains for the Government, it would be socially fairer to low-income families. In a testimony before the US Congress in 1997 Professor Jorgenson also advocated a carbon tax on greenhouse gas emissions as a means of reducing global warming.

Among Professor Jorgenson's best-known and most important research has been his work on the economics of the new technology. His books *Information Technology in the Information Age* (2002) and *Information Technology and the American Growth Resurgence*, published in 2005 (co-authored with Mun Ho and Kevin Stiroh), represent a major effort to quantify the impact of information technology on the US and world economies. Among other things, Professor Jorgenson showed that the spectacular global economic growth of advanced economies between 1989 and 2004 was a factor of greatly increased investment in IT equipment and software rather than a factor of increased productivity.

Such is the importance of his work in many areas of economic theory and practice that Professor Jorgenson's papers have been collected and re-published in 10 volumes by the MIT Press, beginning in 1995. In the year 2000, thirteen of his distinguished former students and collaborators honoured the many significant phases of his life's work in a volume called *Econometrics and the Cost of Capital*, edited by the (now) Vice-Chancellor of The Chinese University of Hong Kong, Professor Lawrence J. Lau. Part of his influence

in contemporary economics is mediated through the work of his former students at Berkeley and Harvard, many of whom are now professors in distinguished endowed chairs at leading institutions around the world.

Professor Jorgenson has received many honours. In 1971, he was awarded the prestigious John Bates Clark Medal of the American Economic Association. The Medal is awarded every two years to an economist under forty for excellence in economic research. According to the citation, Professor Jorgenson "has left his mark with great distinction on pure economic theory (with, for example, his work on the growth of a dual economy); and equally on statistical method (with, for example, his development of estimation methods for rational distributed lags). But he is preeminently a master of the territory between economics and statistics, where both have to be applied to the study of concrete problems. His prolonged exploration of the determinants of investment spending, whatever its ultimate lessons, will certainly long stand as one of the finest examples in the marriage of theory and practice in economics."

Professor Jorgenson has received honorary doctorates from Uppsala University, Sweden (1991), the University of Oslo, Norway (1991), Keio University, Japan (2003), the University of Mannheim, Germany (2004), the University of Rome, Italy (2006) and the Stockholm School of Economics, Sweden (2007). He has won many awards, including the John R. Commons Award, Omicron Delta Epsilon, International Honor Society in Economics (1983), the Outstanding Contribution Award, International Association of Energy Economists (1994), as well as the Adam Smith Award, National Association for Business Economics (2005). He has been elected to many fellowships of academic societies, including the Econometric Society (1964), the American Statistical Association (1965), the American Academy of Arts and Sciences (1969), the Center for Advanced Study in the Behavioral Sciences (1975), the United States National Academy of Sciences (1978), the American Association for the Advancement of Science (1982), the Royal Swedish Academy of Sciences (1989), the American Philosophical Society (1998) and the American Economic Association (Distinguished Fellow, 2001).

Professor Jorgenson has held many prestigious academic positions: he was a Ford Foundation Research Professor of Economics, University of Chicago (1962-63), a Visiting Professor of Economics, Hebrew University, Israel (1967) and Stanford University (1973), and a Visiting Professor of Statistics of Oxford University (1968); at University of California, Berkeley he was an Assistant Professor of Economics, (1959-61), Associate Professor of Economics (1961-63) and Professor of Economics (1963-69). At Harvard University he was Professor of Economics (1969-80), Fredric Eaton Abbe Professor of Economics (1980-2002), Director, Programme on Technology and Economic Policy, Kennedy School of Government (1984-2005), Frank William Taussig Research Professor of Economics (1992-94), Chairman of the Department of Economics (1994-97) and now

Samuel W. Morris University Professor, since 2002.

Among the many professional positions he has held he has been President of the American Economic Association (2000) and President of the Econometric Society (1987).

Professor Jorgenson has served as the Director of The Chinese University of Hong Kong Foundation, Inc. (USA), since 2005. The Foundation has solicited donations and contributions from alumni and other benefactors in the USA and elsewhere to provide support for the University's educational and cultural programmes. Over the years he has been generous in offering the University his expertise and advice.

Mr. Chancellor, it is my pleasure to present to you Professor Dale W. Jorgenson, originator of the concept of the cost of capital and its many fruitful applications to different fields of economic analysis, for the award of the degree of Doctor of Social Science, *honoris causa*.

*This citation is written by Professor David Parker*