

At a meeting of the FACULTY OF ARTS AND SCIENCES on March 10, 2009, the following tribute to the life and service of the late Hendrik Samuel Houthakker was spread upon the permanent records of the Faculty.

HENDRIK SAMUEL HOUTHAKKER

BORN: December 31, 1924

DIED: April 15, 2008

Hendrik Samuel Houthakker, the late Henry Lee Professor of Economics, *Emeritus*, at Harvard University, lived a very rich and full life that brought him into contact with some of the great events of our time. He was born in Amsterdam in 1924 and lived through the Nazi occupation of The Netherlands. He received his *doctorandus* degree in economics at the University of Amsterdam in 1949 and immediately joined the Department of Applied Economics at the University of Cambridge.

In 1950 Houthakker published a paper that assured him a permanent place in the history of economic thought, presenting his famous Strong Axiom of Revealed Preference. The force of this stunning contribution is well captured by Robert Pollak in the following words: "Economics, unlike mathematics, has relatively few classic well-posed problems whose solutions can make professional reputations. The original revealed preference problem was one of them." Houthakker's paper was cited in 1963 when he received the John Bates Clark Medal of the American Economic Association, awarded every other year to that economist under 40 who has made the most significant contribution to economics. The paper was one of two major themes in Pollak's essay, "Houthakker's Contributions to Economics," written on the occasion of his election as Distinguished Fellow of the Association in 1988.

From Cambridge Houthakker went to the Cowles Commission on Economics at the University of Chicago. His contributions to economics continued at a breathtaking pace and included the first of his important empirical studies of consumer demand, *The Analysis of Family Budgets*, with S. J. Prais. Houthakker's empirical findings, like his theoretical work, have become an enduring part of economics. He moved to Stanford in 1954, where he met his wife, Anna-Teresa, and then to Harvard in 1960.

It would be difficult to exaggerate Houthakker's contributions to the Department of Economics at Harvard. He was a mentor to generations of junior faculty. He taught a wide variety of courses, beginning with econometrics and mathematical economics and later including international economics and financial economics. He served for twenty-one years

as the sole editor of the *Review of Economics and Statistics*, then as now one of Harvard's two leading journals of economics. Houthakker read many of the manuscripts himself, assigned the best to referees, and made the final editorial decisions. When he stepped down he was replaced by a committee. He was also acting chairman of the Department of Economics in 1987–88.

A short description of Houthakker, written on the occasion of his passing by his friend and former colleague Andreu Mas-Colell, now professor of economics at the University Pompeu Fabra in Barcelona, captures him well:

“I was privileged to be his colleague at Harvard, where he received me with much kindness and I discovered a gentle man with very broad intellectual and social interests. My own proclivities led to many exchanges on revealed preference and aggregation theory. I distinctly recall them as most enlightening.”

Houthakker was appointed to be a Member of the Council of Economic Advisers from 1969 to 1971 by President Richard Nixon. This period included the collapse of Bretton Woods, the system of fixed parities for international currencies established after World War II. Writing about the secrecy with which the policies to resolve the financial crisis were formulated and implemented, Houthakker penned the following words, which now seem prescient:

“In any democracy it is difficult to carry out policies without public awareness, public criticism, and public cooperation wherever possible. Under the U.S. Constitution, congressional involvement is even more essential, no matter how time-consuming and politically hazardous.”

One of Houthakker's interests, known to only a few of his colleagues and friends, was the social and ethical aspects of economics. In 1992 he organized a symposium on the centennial of the papal encyclical, *Rerum Novarum*, translated by the Vatican as “Capital and Labor.” This was written by Pope Leo XIII in 1891 and presented the papal view of capitalism, socialism, and the role of the state. In 1991 Pope John Paul II wrote the encyclical, *Centesimus Annus* (“In the Hundredth Year”). This brought the papal view up to date through the fall of communism in Eastern Europe and the ongoing collapse of the Soviet Union. Chapter 5 presented an emphatic and elaborate statement of approval for the transition to democracy and a market economy then under way.

Pope John Paul II had been a close friend of Anna-Teresa and Hendrik Houthakker since the 1970s, a story recounted in the biography *His Holiness* by Carl Bernstein of Bernstein and Woodward, and Marco Politi, the Italian journalist. The authors quote Houthakker on his conversations with John Paul II, then the Cardinal Archbishop Karol Wojtyla, “I tried to

talk with him about the merits of capitalism and democracy, but I had a feeling I wasn't getting anywhere." The conversations between Houthakker and the Cardinal, later the Pope, eventually bore fruit. The symposium was a success and led to a book, *Social and Ethical Aspects of Economics: A Colloquium in the Vatican*, published in 1992.

The symposium was among the services to the church acknowledged in Houthakker's election as Knight Commander with Star in the Papal Order of Saint Gregory in 2003. The papal knighthood was added to the long list of honors he received, including Presidency of the Econometric Society in 1967, Vice Presidency of the American Economic Association in 1972, membership in the U.S. National Academy of Sciences and the American Academy of Arts and Sciences, corresponding membership in the Netherlands Academy of Sciences and honorary degrees from his alma mater, the University of Amsterdam, and the University of Fribourg. He was devoted to economic research from his youth in Amsterdam until the very end of his life, and he received the honors that his originality, depth, and breadth of interests merited. He is survived by his wife of 52 years, Anna-Teresa, and his children Louis, Jan Nicholas, and Isabella Romana.

Respectfully submitted,

Guido Imbens
Andreu Mas-Colell
James Stock
Dale Jorgenson, Chair