

# Princeton University

HONORS FACULTY MEMBERS  
RECEIVING EMERITUS STATUS



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The biographical sketches were written by staff and colleagues in the departments of those honored.

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# HARVEY ROSEN



Harvey Rosen, the John L. Weinberg Professor of Economics and Business Policy, will transfer to emeritus status on July 1, 2019. In his 45 years at Princeton, Harvey has helped shape the field of public finance not only as a researcher, but as a gifted teacher and the author of influential papers and textbooks. He will be long remembered for his scholarship, public service, and commitment to undergraduate education and college life at Princeton.

Harvey was born in Chicago in 1949, graduated with high honors in economics from the University of Michigan in 1970, and received his Ph.D. in economics from Harvard University in 1974. He joined the Princeton faculty in 1974, was named the John L. Weinberg Professor of Economics and Business Policy in 1995, and served as chair of the Department of Economics from 1993–96. He is a research associate at the National Bureau of Economic Research and a fellow of the Econometrics Society. In 2007 he received the National Tax Association’s most prestigious award, the Daniel M. Holland Medal for distinguished lifetime contributions to the study and practice of public finance.

Harvey has published over 80 academic articles, many in the leading journals of economics. His research interests span numerous areas in public finance, including the effects of taxation on labor supply, human capital, housing demand, and entrepreneurship. His work also includes contributions to econometric methodology such as vector auto-regressions and hedonic price models. He has contributed to the normative public economics literature, including work on the measurement of excess burden and optimal taxation.

Harvey’s early research agenda focused on the effects of taxation on labor supply. He was particularly interested in the labor supply of married women, focusing on two conceptual difficulties. First, since the U.S. income tax system is based on household income rather than individual income, the effect of taxes on the labor market incentives of married women depends critically on the labor income of their husband and the capital income of the overall household. Second, since part-time work is relatively common for married women, the hourly wage rate received by married women may depend on the total number of hours worked. Harvey’s empirical work dealt with both of these

complications. Adjusting for the implications of household-based taxation and allowing wage rates and hours to be jointly determined, Harvey found evidence of quite strong labor supply responses. These papers helped build a consensus that the labor supply of married women is relatively responsive.

As Harvey demonstrated, the insights from this research have implications for tax design. For example, the labor supply elasticities of married women (relative to married men) affects the efficiency of basing taxes on household versus individual income.

Together with Jonathan Eaton, Harvey has produced important theoretical studies of the taxation of human capital, focusing specifically on the role of uncertainty. In a well-known paper published in the *American Economic Review* in 1980, they make the simple but important point that, in a model with certainty and fixed labor supply, proportional income taxation may be entirely non-distortionary. The reason is that the tax creates a proportionate reduction in both the marginal costs and margin benefits of education. Progressive marginal taxes, on the other hand, would be distortionary. They also demonstrate that, once uncertainty is allowed for, it is no longer true that proportional taxes have no impact on human capital, although in general the effect is ambiguous.

Harvey has made important contributions to the literature on taxation and housing. In a series of papers, he used both cross-sectional and time series variation to estimate the responsiveness of housing demand and tenure to tax-induced changes in house prices. He found that the tax code encourages ownership over renting and quantified key elasticities that play an important role in analyzing potential reforms to housing tax policy.

Harvey has made several important contributions to welfare analysis and the measurement of excess burden. One of Harvey's best known papers in this area deals with welfare analysis in situations with discrete choice, a paper co-authored with Kenneth Small and published in *Econometrica* in 1981. Many public policies affect discrete choices rather than continuous choices. Examples include housing tenure, labor force participation, occupation, transportation mode, and schooling. Prior to the paper by Rosen and Small, the standard tools for measuring efficiency (based on, e.g., equivalent or compensating variations) had been developed in the context of models with continuous, intensive margin choices. Rosen and Small provide conditions under which the standard methods can be modified to analyze the welfare effects of price changes in situations with discrete choices.

Harvey's influence on public finance in particular and micro-economics more generally extends beyond his research. He wrote two

influential and popular undergraduate textbooks, one on microeconomics and the other on public finance (the latter of which is currently in its 10th edition). And his commitment to teaching, especially at the undergraduate level, has been unparalleled. His undergraduate classes (on microeconomics and public finance) always have been among the largest and most popular courses in the economics department. He received the President's Award for Distinguished Teaching from the University in 2003 and held the Cotsen Faculty Fellowship, an honor accorded to faculty recognized as outstanding teachers of undergraduates, from 2001 to 2004. He has won Princeton's Richard Quandt Teaching Prize (given to the top economics instructor in an undergraduate course) four times since its inception in 1996. He would have won many more times if not for the rule that one can win it only once every four years (his four wins is tied for the all-time record).

In his role as instructor of Economics 100, "Introduction to Microeconomics," Harvey has served as an ambassador for the discipline, introducing economics to first-year undergraduate students, some of whom would go on to become the most prominent economists and businesspeople of their time. In a widely circulated essay, the Harvard economist Greg Mankiw, a 1980 Princeton alumnus, discusses his rules for life, the first "rule" being to "learn from the right mentors," with Harvey as his first example. He describes Harvey's Economics 100 course as "the most eye-opening course I have ever taken." After Greg took the course, Harvey hired him as a summer research assistant, about which Greg writes: "To this day, I have never learned so much in so short a period of time."

Harvey's commitment to undergraduate life at Princeton extended beyond the classroom. Harvey was the first head of Whitman College, which opened as Princeton's sixth residential college in fall 2007. He was deeply involved in the planning and design of Whitman College and was a member of the Four-Year College Program Planning Committee, helping to develop the blueprint for the new system. The University announcement of his appointment noted, "Professor Rosen clearly combines qualities that make for outstanding success in residential college masterships: excellence in undergraduate teaching; experience and skill in administration; an ample measure of level-headedness and sound judgment; imagination and enthusiasm about the possibilities for education in a residential setting; and obvious enjoyment of students." Harvey saw the new four-year residential college system as an opportunity for first-year students to get to know students in all class years and a way to build a more holistic and vibrant undergraduate experience.

Harvey twice took public-service leave from the economics department. He worked in the first Bush administration as the deputy assistant secretary for tax analysis at the Treasury. During the second Bush administration, he served as a member of the Council of Economic Advisors from 2003–05 (and chair in 2005).

Harvey's commitment to applying research to policymaking extended beyond his time in government. He served as co-chair of the Center for Economic Policy Studies, now the Benjamin H. Griswold III Class of 1933 Center for Economic Policy Studies (GCEPS), from 1991 to 2011. During this time Harvey molded GCEPS, bringing together experts from academia, government, and industry for frank and informative discussions about crucial financial and policy-related issues. Harvey (along with center founder and then-co-chair Alan Blinder) stewarded the capital campaign that secured a permanent endowment for GCEPS. Beyond organizing a full calendar of conferences and dinners, GCEPS supports policy-related research for members of the Princeton economics faculty, as well as for students and post-docs.

Harvey's career provides a model of the academic in service to others— to the public during his years of government service, to the students he taught and advised at Princeton, and to countless others first introduced to economics through his textbooks.