

*At a meeting of the FACULTY OF ARTS AND SCIENCES on April 8, 2008, the following  
tribute to the life and service of the late Richard Abel Musgrave  
was spread upon the permanent records of the Faculty.*

## **RICHARD ABEL MUSGRAVE**

BORN: December 14, 1910

DIED: January 15, 2007

Richard Musgrave, the Harold Hitchings Burbank Professor of Political Economy, *Emeritus*, was the leading public finance economist of his generation. He died on January 15, 2007, at the age of 96.

Richard Abel-Musgrave was born in Königstein, Germany, and educated in Munich and Heidelberg. He was of half Jewish ancestry, his paternal grandfather and maternal grandmother both being Jews who had converted to the Christian faith.

He came to the United States in 1933 as an exchange student at Rochester University but soon transferred to Harvard where he received his PhD in 1937. He decided not to return to Germany and applied for U.S. citizenship in that same year. At that time he dropped the hyphen in his family name, becoming Richard Abel Musgrave. He was known thereafter as Richard Musgrave.

After completing his PhD, Musgrave worked at the Board of Governors of the Federal Reserve until 1948. He then taught at Johns Hopkins, the University of Michigan and Princeton before joining the faculty at Harvard in 1965. He held simultaneous appointments in the economics department and in the Harvard Law School, the first person to hold a joint appointment in both the Faculty of Arts and Sciences and the Law School. Professor Musgrave took emeritus status in 1981 and moved to California where he was an adjunct professor at the University of California at Santa Cruz.

Although the 19th-century giants of political economy, David Ricardo and John Stuart Mill, wrote extensively about the theory of taxation, by the middle of the 20th century the teaching and writing on public finance in the United States was largely descriptive and institutional. Richard Musgrave changed all of that with his major volume, *The Theory of Public Finance*, published in 1959.

The *Theory of Public Finance* was both a theoretical research monograph and a text book. It applied the analytic tools of price theory and of Keynesian macroeconomics to the issues of tax incidence (i.e., who bears the burden of taxes), of efficiency (i.e., measuring the losses caused by the distorting effects of taxes), and of achieving full employment. All of this was done in a very readable and accessible way that made the book very widely studied. The book proved to be a particularly significant resource for tax law professors in their teaching and writing about federal tax policy.

A key feature of Musgrave's *Theory of Public Finance* was the division of the problem of public finance into what Musgrave called three "branches." One "branch" was devoted to the problem of achieving full employment. Here Musgrave applied the ideas of Keynesian fiscal policy to using tax reductions and government spending to increasing aggregate demand. A second "branch" focused on economic efficiency, i.e., on the design of taxes that would raise revenue with the least distortion to incentives and therefore the least loss of real incomes. The third "branch" then dealt with issues of redistribution to achieve a politically acceptable distribution of income. These branches were of course just pedagogical devices and not a way of organizing the actual making of policy.

Richard Musgrave was an inspiring teacher. It was clear to his students that he cared about both the analytic science in public finance and the practical implications of that analysis for improving our tax system. He taught students to think about the impact of taxes on economic efficiency while not losing sight of their distributional consequences. Or, as he might have said, to think about the distribution of the tax burden and the use of taxes and transfers to redistribute income while not losing sight of the consequences of the progressive tax and transfer structure on economic efficiency.

In the weekly graduate seminar in public finance, graduate students and visiting faculty would present their latest research. The seminar brought together not only graduate students and faculty from the department of economics, but also tax specialist members of the Harvard Law School faculty. Their presence added a greater degree of practical focus to the seminar's discussion of tax reform. Musgrave's questions and insights kept the seminar focused on the substantive importance of the problems rather than on the more abstract methodological issues. Many of the students taught by Richard Musgrave went on to do important work in public finance.

Although Musgrave felt strongly about tax policy and about transfer programs like Social Security and unemployment insurance, he was not an activist who tried to influence outcomes in Washington. He appeared to believe that he was most effective in developing the analysis and teaching students who would carry this material into practice.

An important exception to this was a major report on fiscal reform in Columbia that Musgrave prepared jointly with Malcolm Gillis in 1971. This report, prepared under the

auspices of the Harvard International Tax Program of the Harvard Law School, was based on extensive and detailed work in Columbia.

Richard Musgrave was elected a Distinguished Fellow of the American Economic Association in 1978. Musgrave was one of the organizers of the International Seminar in Public Economics which brought together American and European faculty members who specialized in public finance. He also served as an honorary president of the International Institute of Public Finance.

Professor Musgrave collaborated with his wife, Peggy Musgrave, in writing a popular undergraduate text book, *Public Finance in Theory and Practice*, which was published in 1973. The Musgraves also found time to reach out to young colleagues and their wives at their homes in Belmont and in Vermont.

Respectfully submitted,

Lawrence Summers  
Bernard Wolfman  
Martin Feldstein, Chair