

**INAUGURAL**

RICHARD GOODE **LECTURE**

**THOMAS J. SARGENT**

# A History of U.S. Debt Limits

**CHAIR:** David Lipton

December 2, 2015 ■ 10:00 am  
HQ2, Conference Hall 1



*Richard Goode, 1st FAD Director, 1965-1981*

# RICHARD GOODE

---

In April 1964, the Executive Board established the Fiscal Affairs Department (FAD) as a way to strengthen the Fund's growing engagement in fiscal policy assistance to member countries. Richard Goode, already an established authority in public finances, was appointed in 1965 as the first Director of the new Department.

Richard Goode completed his undergraduate studies at Baylor, his Master's degree at the University of Kentucky, and his PhD at the University of Wisconsin, where he studied public finance. While seeking his PhD, he spent much of his time in Washington D.C., working with Gardiner Means at the Bureau of the Budget. In 1947, he joined the faculty of the University of Chicago, where he worked with Schultz, Arrow, Domar, Friedman, Koopmans, Marschak, and others; and he also edited the new *National Tax Journal*. Early exposure to the practical aspects of public finance came in 1950, when he was a member of a United Nations technical assistance team to Bolivia.

He joined the IMF in 1951 and spent the following eight years working in what was then the Research and Statistics Department, the epicenter of the Fund's analytic and policy work. In 1959, he moved to the Brookings Institution as a scholar and was there until the mid-1960s. During that time he solidified his status as a leading tax policy expert, and published his highly influential and often cited book on U.S. policy, *The Individual Income Tax* (1964), following his earlier book, *The Corporate Income Tax* (1956). With Fund management keen to have a leading public finance expert at the helm of FAD, Richard Goode returned in 1965 as Director of the new department.

A pioneer of the Fund's work on fiscal policy, Richard Goode's influence is still felt in the institution he served for almost a quarter of a century. He was a committed policy practitioner and founded the department's technical assistance program. In 1966, the department conducted its first mission to Liberia, creating a model for technical assistance delivery system that remains in use today. Under his supervision, the department grew into a leading source of research on public finance and of technical assistance on tax policy and administration, public expenditure policy, debt management, and other fiscal issues.

After 16 years as Department Director, Richard Goode retired in 1981. He then returned to the Brookings Institution as a visiting scholar and taught at Johns Hopkins SAIS. In 1984, he published *Government Finance in Developing Countries*. His influence continued to be extensive, reaching well beyond the corridors of the IMF, as reflected in the 1983 tome *Comparative Tax Studies: Essays in Honor of Richard Goode*. Richard Goode passed away in 2010.

# THOMAS J. SARGENT

---

Thomas J. Sargent is an American economist who has had a seminal influence on the development of economic theory, macroeconomics, econometrics, monetary theory, and economic history. He has made pioneer contributions in establishing the microeconomic foundations of macroeconomic theory and policies, linking these to the theory of general equilibrium. He has been one of the intellectual leaders of the "Rational Expectations" revolution and the New Classical macroeconomics. In the 1970s and 1980s, through his research (part of it conducted jointly with Neil Wallace) he developed a theory on the economic effects of macroeconomic policies based on general equilibrium and rational expectations. He conducted several historical studies that used rational expectations to explain the consequences of changes in macroeconomic policy regimes. He also helped make the theory of rational expectations statistically operational through the use of time series econometric techniques. These contributions were recognized in 2011, when he was awarded the Nobel Prize in Economics for his "empirical research on cause and effect in the macroeconomy." In recent years, he has developed research on the history of fiscal policy and public debt. In addition, Professor Sargent has profoundly influenced the discipline of Economics through his role as a teacher, advisor, and mentor to generations of PhD students.

Professor Sargent earned his BA from the University of California, Berkeley in 1964, and received the University Medal as Most Distinguished Scholar in the Class of 1964. He then went on to Harvard University, where he earned his PhD in 1968. Since then, he has held some of the most prestigious academic positions in the United States. From 1975 to 1987, Professor Sargent was a professor of economics at the University of Minnesota. In 1992, he became the David Rockefeller Professor at the University of Chicago and was Donald Lucas Professor of Economics at Stanford University from 1998 through 2002. He has also been a senior fellow at the Hoover Institution since 1987. He won the Nemmers Prize in Economics in 1997. In addition, Professor Sargent was also elected a fellow of the National Academy of Sciences and a fellow of the American Academy of Arts and Sciences, both in 1983. Professor Sargent is the former president of the Econometric Society, the American Economic Association, and the Society for Economic Dynamics. He is the William R. Berkley Professor of Economics and Business at New York University.

Among his books are *Rational Expectations and Econometric Practice*, with Robert E. Lucas Jr., University of Minnesota Press, 1981; *The Big Problem of Small Change*, with Francois Velde, Princeton University Press, 2002; *Recursive Macroeconomic Theory*, with Lars Ljungqvist, MIT Press, 2004; and *Robustness*, with Lars Peter Hansen, Princeton University Press, 2008.

# FAD'S MISSION

*“Helping countries shape public finances that support sustainable and inclusive growth.”*