



Research Seminar Series in Economic Sciences, 2024 – 2025

Speaker: [Maxime Desmarais-Tremblay](#), *Junior Professor of Economics at the University of Lorraine (BETA, CNRS). Holder of the Research Chair on the modalities of public intervention.*



Title: "Stabilization Policy in the Liberal Order"

Date & Time: Wednesday, May 7th, 2025, 14:00 - 15:30

Place: Grypario Megaro (Sofokleous 1) | 4th floor | Lecture Hall "Kosmas Psychopedis" (416)

Live streaming of the event: <https://delos.uoa.gr/opendelos/search-live>

Url: https://www.econ.uoa.gr/ereynitika_seminaria_research_seminars/

Abstract:

The presentation will be based on ongoing work for the first chapter of a planned book on the American economist Richard Musgrave (1910-2007) and the modernization of public finance theory in the twentieth century. This chapter offers a historical reconstruction of the emergence of fiscal policy as a central tool of macroeconomic management. It situates Musgrave's work within broader institutional developments and economic debates from the interwar period through the postwar consolidation of American Keynesianism. The chapter also highlights early technical debates on the role of capital budgeting, the structure of tax systems, and the limits of deficit finance in democratic settings. Drawing on archival materials and contemporaneous publications, it underscores Musgrave's methodological pluralism and conceptual rigor in rethinking public budgeting not as an exercise in accounting orthodoxy but as a tool for achieving policy objectives.

First, the chapter traces the origins of "fiscal policy" from the early twentieth century to the first phase of the New Deal. It then explains the role played by Hansen and Williams's seminar at Harvard in shaping a new understanding of fiscal policy in the late 1930s. From there, it focuses on Richard Musgrave's trajectory from his early years at Harvard to his role as an observer, researcher, and economic adviser at the Federal Reserve. As Musgrave returned to academia in 1947, he looked for a systematic way to integrate the macroeconomic theory of fiscal policy with the

traditional problems of public finance. Fiscal policy represented a new role for taxation, dubbed 'functional finance' by Abba Lerner. But for Musgrave, it was not the only legitimate function of taxation in a democratic state. The chapter will end with the exposition of Musgrave's stabilization branch in his *Theory of Public Finance*, published in 1959.

Organizers: Dimitris Kenourgios, *Professor*
George Dotsis, *Assoc. Professor*
Frago Kourandi, *Assist. Professor*

Thank you.



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