

**M GOVINDA RAO**

My friend, my guru

In the passing of Richard Bird, the public finance fraternity has lost a legend

IN THE PASSING away of Richard Miller Bird on June 9, the public finance fraternity, particularly in developing countries, has lost a vast reservoir of knowledge. Besides working on tax policy and reforms and fiscal federalism in Canada, Bird devoted much of the 60 years of his professional life on fiscal policy issues in developing countries across the globe, covering countries in Asia, Africa and Latin America. He was a professor emeritus at the Rotman School of Management at the University of Toronto besides being a distinguished visiting professor at the Andrew Young School of Public Policy in Atlanta and an adjunct professor at the Australian School of Taxation and Business law in Sydney. He was a recipient of several awards including the Lifetime Achievement Award and Queen's Diamond Jubilee Award and Douglas Sherbaniuk Award by the Canadian Tax Foundation and a Daniel M Holland Award of the National Tax Association of the USA.

After graduating from Columbia University, Bird worked at Harvard University and later at the International Monetary Fund before settling down at the department of economics, University of Toronto. He was a part of several missions advising countries across the world including Argentina, Bolivia, Mexico and Columbia in Latin America and China, India, Indonesia, Japan, Philippines, Sri Lanka and Vietnam in Asia.

In India, he was extensively consulted by the Tax Reforms Committee led by Raja Chelliah in 1991. Reviewing the committee's work in the *Economic and Political Weekly*, he stated: "Fiscal necessity, compelled with the desire to let market forces to play a greater role in allocating resources... virtually mandates major reforms in the cracking tax structure India has inherited from the past." He added, "The three reports on the tax reforms in India... generally offer clear and sound guidance to what can and should be done".

The book he edited with Oliver Oldman, *Readings on Taxation in Developing Countries*, was compulsory reading for all scholars and practitioners in the developing world. Later, he wrote *Tax Policy and Economic Development*, which continues to be a classic. Recently, he wrote a series of articles with Eric Zolt reviewing theories and best practice approaches to tax reforms in which he espoused the Broad Base Low Rate approach. His book on *VAT in Developing and Transitional Countries* written with Pierre Pascal Gendron is perhaps one of the most influential policy guides for countries introducing the GST. Reviewing the book in the *Journal of Economic Literature*, Michael Keen wrote, "This is a rich and elegant book on a rich and (if we are to understand it properly) inelegant topic... It does set out some key issues and challenges in what remains a largely untrodden area."

Bird underlined that there is no "one size fits all" approach to GST, contrary to what the IMF advocates, but agreed with the conventional wisdom that countries should: (i) aim for a global tax with few exemptions, credits, rebates or deductions, (ii) not use the tax system to achieve too many goals, (iii) keep the threshold at a reasonably high level to focus on the "whales" rather than "minnows", (iv) have minimum rate differentiation to keep it simple, (v) continuously monitor the tax system and concentrate on collection of tax at source, (vi) not collect more information than that can be processed and (vii) encourage good record keeping and aim for long term goal of self-assessment. His concern was "...some bad features — such as too high or too low thresholds, overly extensive exemptions, or multiple rates — may be essential to successful adoption in the first place. However, once introduced it will be difficult to remove them". How true it is in the case of India.

Richard's research on fiscal federalism was shown in several incisive articles and books. Apart from his work on Canada, he forayed into issues of intergovernmental finance in several developing countries. An important feature of his works was that they were not only based on a rigorous theoretical framework but also grounded in an understanding of systems and institutions. His work with Robert Ebel and Christine Wallich on *Decentralisation of the*

Socialist State is a standard reference for all those who want to understand the decentralised systems in transitional countries including Hungary, Poland, Bulgaria, Romania, Russia and Ukraine.

In his passing away, I have lost a great friend and guru. He was my thesis examiner way back in 1977, but I actually got to interact with him when I visited the University of Toronto in 1991. Since then, we had been interacting closely, discussing many issues in public finance. He closely followed the public finance developments in India and commented extensively on them. I have collaborated with him on various occasions. Most recently, we collaborated on a paper *Urban Governance and Finance in India*, written at the request of the chairperson of the High Powered Committee on Urban Infrastructure and Governance. The last communication I had with Richard was on March 28 in which he wrote, "So far, I am pretty healthy, and on the whole, continue to function pretty well". Alas, that assurance didn't last long, and cardiac arrest claimed his life. In his passing, we have lost a walking encyclopaedia on public finance and development. A man who was generous to a fault in his willingness to share. The public finance fraternity has lost a legend.

The writer was member, Fourteenth Finance Commission and former director, NIPFP