

Memories of David George Davies

When I got to Duke in fall 1961 I learned that another University of Cincinnati person I previously did not know was there. Lloyd Valentine, a prof I knew at Cincy, said that a young associate professor, David Davies, from the business school, was going to Duke. Valentine, who was a cool guy in the B School at Cincy, said Davies was a public finance scholar, which perked up my interest even more, since that was my interest.

I was to the left of anybody in Economics at Cincy at that time and wrote my senior thesis on "Sacrifice Theories of Progressive Taxation". I even turned down a chance to study at Virginia under Buchanan, Coase, Nutter, and Tullock, because my Cincy teachers told me they were all a bunch of rightwing nuts and I was too busy to read anything they wrote to test that hypothesis. Well, Dave became my teacher in second semester of my first year and by term's end I was no longer a callow Trotskyite nor autilitarian interested in changing the world. Dave guided me, ever so gently and subtly, into the logical positivistic world of UCLA property rights and Virginia School public choice economics. An assignment he gave me to report on Francis Bator's book on the growth of government got me thinking about why the state spent so much, so fast, and often to poor effect.

My thesis, which Dave agreed to supervise, was not an easy gestation, but he mid-wifed the exercise so gracefully. To this day, friends sometimes talk of the despair they felt while writing their theses, and the lack of concern by their supervisors. I never felt I'd ever fail, even when I should have! When, near the end of the first year of my research, I had nothing to show for it but a huge amount of reading notes, Dave sweetly suggested I scale down my project and go back to the issue of bureaucracy and government growth that I had seemed to enjoy in his class a couple springs before. He cheerily said that I could use a lot of that stock of erudition I had built up, fruitlessly I thought, in my third year of intellectual wandering. Boy oh boy, Dave was so positive about my chances, and he even helped me find a generous dissertation grant and wrote to the supervising foundation in my behalf. And that wondrous and necessary money came through. What an act of faith, hope, and charity Dave indulged in my behalf! Not only that, but he helped me get up to Virginia to post-doc in fall 1965, not such an easy task having turned down Jim Buchanan and his "nuts" in spring 1961. Before departing for Virginia, he introduced me to Walter Oi, which led to my first real job as an assistant professor at the University of Washington in fall 1966. For years that followed, his letters helped me get fellowships, research grants, new jobs, and tenure. Dave was a Doktorvater as few senior scholars have ever pursued that obligation, at least by my observations.

Interestingly, all the time I studied under Dave, I had a hard time finding out what he himself did. He was overly modest about referring to his own work in class or in conversation, and while in class we diligently studied Milton Friedman, Antonio de Viti de Marco, Henry Simons, Samuelson, Harberger, Rolph, Shoup, Edgeworth, and all the giants of public finance and the newer stuff out written by UCLA and Virginia political economists such as Alchian and Buchanan et Cie., we never read anything much of Dave's work, except for one brilliant piece where he used the permanent income hypothesis to show that the sales tax by state and local governments was more proportional than regressive. Had I not decided that I had to become more aware of his scholarly contributions in preparation for my qualifying examination, I might have remained ignorant of the depth of his footprints in the public finance field. I was amazed at the breadth and erudition of his work, but nothing of it much informed us of his contributions in his lectures, and never in our conversations. [The reader no doubt thinks of me as a self-absorbed youngster interested only in his own work at the time. She's got that right, I fear, but then again I was only in my very early twenties and thought only of getting my thesis completed and my career launched. Concern for others, I have learned is highly income elastic.] Dave was modest to a fault, so, of course, no questions based on his research surfaced on the prelims. I was nonetheless glad I spent that time reading his papers.

As things go, I haven't seen Dave too often in the last several years, but I am going to call him up when I get back into Claremont after my upcoming trip back East and to Canada and make a date to see him, since he is only two hours drive south. I can't think of a better way to spend a day than to sit at his feet again. I hope he won't think his mighty efforts in my behalf were misplaced. I'd never know if he did, since he's too nice to say, "when the hell are you going to stop writing about the growth of government, Tom?"

Tom Borcharding, Ph.D. 1966

Dave was the perfect colleague: wise, well-informed, good-humored, hard-working, and constructive. He was an enthusiastic economist of the old school. He loved the subject no matter where it was applied or what form it took. He read widely across the discipline and was always delighted to talk about recent topics in the literature. He was truly as excited about your project as his own. He was never a zealot for anyone's ideology.

During a period when all of economics, and our department in particular, was unusually fractious, Dave served as chair, and with his calm and sympathetic demeanor he defused explosive situations and sustained the department's forward motion. He dealt with difficult personalities as smoothly as anyone I can recall, and we had lots of them! He did it mainly with his booming laugh and his apparent lack of guile. Dave was such a sweet person, how could anyone get angry with him?

But above all, I think of Dave as an exceptional teacher. He was devoted to the students, the undergraduates in particular, and they returned the compliment. For years his two semester honors course was our Honors Program. Dave believed that any good economist should be able to direct any honors project, no matter what the specialty, and his honors seminar was a great smorgasbord of subjects and research styles, a setting that is rarely seen in economics today. Some wonderful work came out of this seminar, and out there in our society there is a cadre of leaders who can think and write better as a result.

Dave was the sort of colleague you can never have enough of. And when he retired we missed him sorely--and still do!

Craufurd Goodwin

Although Professor Davies' primary field in economics was public finance, he contributed a very important paper in the area of property rights and incentives of firms. The paper was first published in the Journal of Law and Economics in April 1971, with a follow up piece in the same journal in April 1977. The study derived strong evidence that unregulated private firms are more efficient than public firms.

At the time of the study, Australia had two interstate airlines: Trans-Australian Airlines (TAA) and Ansett Australian National Airway. The former is a public enterprise, and the latter is privately owned. Using data from 1958 to 1974, Professor Davies compared the efficiency of these two types of ownership.

He chose a good pair of firms to test the relative efficiency hypothesis as, except in terms of ownership, TAA and Ansett were quite comparable. They served similar routes and had comparable frequency of flights. Both charged identical passenger and freight rates and had a similar mix of services. Given these similarities, it was reasonable to believe that differences in efficiency were probably due to the type of ownership.

Professor Davies estimated three measures of productivity. For all three measures, the privately owned firm, Ansett, experienced greater efficiency than publicly owned TAA. Over the entire period of 1958 to 1974, an Ansett employee on average carried twice as much freight and mail as an employee of TAA. Similarly, passengers carried and revenue earned per employee were higher for the privately owned firm.

His study presented clear and strong results that public enterprises are less efficient than privately owned firms.

John Vernon

Others can write about Dave Davies as a scholar, and his work was very good indeed, or as a teacher, where he was one of the finest I have ever encountered. But other aspects of his Duke years need to be recorded as well.

Although Jack Blackburn was the Chairman who had hired me in Spring 1970, Jack was elevated to Provost within months, so Dave Davies was in fact my welcoming departmental chair when I showed up in August 1970. I had known of him before I showed up since a friend in public finance at Rutgers, where I had been, told me that Davies was a real scholar and I should look him up on arrival. But in fact he immediately made my honor roll by attempting to hire one of my friends and references, Ed Burmeister, away from Pennsylvania.

I got to know Dave over the next few years in a number of his roles, for he certainly did not define himself through his administrative position. (Indeed, there were periods of time that he was so annoyed at the idiot problems that arrive unannounced in a department chair's office, that he would simply drive into the parking lot behind the building where his secretary, Pat Williams, would hand him the mail, and he would hand her his correspondence drafts, before driving home). In particular I want to call attention to

Dave the golfer, and Dave the poker player.

As a golfer, Dave was the real deal. He may not have been a scratch player, but he was low handicap, and devoted to the game. A fan of fellow Pennsylvanian Arnold Palmer, Dave introduced me to the Duke course, and shared his pleasure at playing the game with a number of us including John Vernon, Jay Salkin, Dave Black, and later Dudley Wallace. He had the ideal temperament for that game. No bad shot fazed him, no anger could intrude on his perspective that the course was lovely to behold, and the sights and sounds and rhythms of the game made the hours a joy to experience.

That golf group also became the heart of the regular monthly poker game which added over time Henry Grabowski, George Tauchen, Ron Gallant, Mike Salemi, and our marks Ed Tower and John Weymark. The favorite set of games with seven or eight of us were high/low games in which high and low hands divide the pot. Memory is unreliable, but I believe that Dave won more than he lost nearly every time: quiet, eyes bright behind a monthly poker-cigar, disarming opponents with his store of hysterically funny non-PC jokes, Dave loved to whipsaw the pair of high hands with his certain low, or on the more usual occasion would slowly turn over his hole card and apologize for asking you to push the pot over to him.

The calmness of a fine golf-temperament, and the cunning of a smiling stud poker aficionado, made his chairmanship years a pleasure for us impatient young turks, even as we knew that he was doing everything in his power to hire

someone else as chairman so that he could stop the madness after three years. The problem for me though was that as he ended his administrative time, and his increasingly severe back problems eventually gave him less time for golf, he had more time to improve his poker game.

E. Roy Weintraub

He is named after David Lloyd George, British prime minister during World War I. He grew up in Uniontown, Pennsylvania, served in the military during World War II, and graduated from Stanford in 1949. He did his graduate work at UCLA, where he was particularly influenced by Armen Alchian and his pioneering work on property rights. He was a close friend and classmate of Allen Meltzer, who had graduated from Duke in 1948.

Duke's original public finance specialist was Benjamin U. Ratchford, who, though he was nearly 60, resigned from the department in 1960 in a hot dispute over the successor to Hollis Edens as president. At that time Dave Davies was teaching at the University of Cincinnati. He had made a strong reputation because of articles in top journals originating from his dissertation dealing with the regressivity of state sales taxes based on various concepts of income. Dave came to Duke in 1961. Two of his Cincinnati students came shortly thereafter (Ed Ertin to the faculty and Tom Borchert to the graduate program).

Dave's later professional work centered on law and economics and, reflecting his strong interest in Australia, the comparative performance of government-owned and privately-owned enterprises in the same industry. Shortly before his retirement, he completed an extensive treatise on taxation.

Despite being afflicted with a succession of debilitating physical problems during most of his many years at Duke, Dave managed to render valuable service to students and faculty. For example, he directed innumerable honors theses and endured being department chair. Everyone's memory of him is as one of the finest, warmest human beings he or she has ever known.

William P. Yohe