David W. Slater:  
An Economist for All Seasons  

Patrick Grady

Introduction

As David Slater begins his eighth decade, it is a fitting time to look back over his remarkable career of public service, which has spanned the worlds of academe and government. In the over half a century that he has been active as an economist, there is scarcely an area of economics and public policy that he has not been involved in as a researcher and/or policy advisor. His interests are catholic. Just name a topic and David will have something important and useful to say. And the way he says it in his characteristic *basso profundo* voice commands attention in even the largest of rooms filled with the sleepiest of audiences. David’s great strength as an economist has always been his integrity. In all his work, he has consistently been guided by a philosophy that balances a deep commitment to markets and the key role of the private sector with an equally deep commitment to social policies designed to create equality of opportunity and provide support for those who were disadvantaged. And the same human touch David brings to economics, he brings to all his personal relationships, creating friends and admirers wherever his long career took him.
The Early Years

Even as a boy, David was concerned about those less fortunate. He lived in a municipality on the outskirts of Winnipeg where he had been born in 1921. His father was a grain merchant and his mother was actively involved in volunteer social work. David remembers how he helped his mother bring Christmas baskets to the less fortunate in his community and how awkward it was when they delivered a basket to a girl in his grade school class whose father was out of work. Even though the girl sat right next to him in class, she could never look him in the eye again after that. This taught David the limitations of private charity and the need for a social safety net.

Even though David’s family was relatively well-off, things were not handed to him “on a platter”. Living at home to save on lodging, he worked his way through the University of Manitoba with summer jobs repairing and renovating country grain elevators. This was hard gruelling work 12 hours a day, seven days a week as a member of a work crew. It taught David respect for those who work with their hands. While the pay was only 35 or 45 cents per hour, David always went back to school in the fall with plenty of money in his pockets. And as an added benefit he learned carpentry from the superb carpenters he worked with.

At the University of Manitoba, David worked on a Bachelor of Commerce degree, concentrating on actuarial science. It was there that David’s interest in economics was kindled by Pete McQueen, the head of the Economics Department (whose life was tragically cut short in a plane crash on his way back from a Bank of Canada Board of Directors meeting in the winter of 1941). Once David became convinced that economics was one of the ways to solve all the world’s problems, actuarial science lost its limited and more practical appeal.

Wartime Service

As a student, David was very active in the Canadian Officers Training Program as a 2nd lieutenant. With the war raging in Europe and the Far East, it was hard for young David to stay focused on his studies and as a result his
marks dropped. Finally, in the spring of 1942, he could stand on the sidelines no longer and he joined the army, leaving economics behind.

As a lieutenant in the Royal Canadian Army Service Corps, David served overseas from the spring of 1943 to the summer of 1945. His job was in supply and service, a field in which economists, not to speak of actuaries, are often expected to excel. To put it simply, David was responsible for providing the supplies needed by the Allied Forces. This included ammunition and shells for the artillery and infantry and the gasoline and diesel that powered all the military’s vehicles. The main supply depot was on the beaches of Normandy where David was deposited once the landing zones were secure. According to David, there was not much danger as long as they had air cover, but every once and awhile a few German planes would get through. In the army, David mastered many subsequently useless skills such as mine-laying, anti-gas warfare protection and shooting 20mm cannons.

David followed the invading Allied Forces all the way into Germany. When the war was over in Europe, he volunteered for the Pacific Forces and was sent back home to Winnipeg. The war in Japan ended before he could be shipped out again. His final assignment in the army was to take some troops who were being demobilized from Winnipeg to Toronto by train. Once his task was completed, he continued on to Kingston, free from the army and back to economics.

Life in the Groves of Academe

After the war was over, it was only natural that David should go to Queen’s University in economics. His old professor Peter McQueen had been good friends with W.A. Mackintosh, Frank Knox and C.A. Curtis of Queen’s. And one of his classmates had spent a visiting student year at Queen’s and talked it up to David as a “real university” on his return.

David took to Queen’s like a duck to water. Its best professors were returning from wartime service in Ottawa and had a practical orientation that appealed to a young returning officer such as David. He quickly earned a First Class Honours Degree in economics in the spring of 1947. His performance was so good that he was asked to be a sessional lecturer for the 1946–47 and 1947–48 academic years to help out with all the returning veterans.
Not all was business at Queen’s. In the spring of 1946, David met his future and present wife, Lillian Bell, who was a student in the Industrial Relations certificate course. By the next spring, they were married.

David’s most memorable experiences at Queen’s were: learning about the national accounts and the General Theory from Mac Urquhart; learning to teach under Frank Knox; learning economic history from Knox and Bill Mackintosh; learning about welfare economics and the theory of socialism from C.A. Curtis; and studying Canadian political science under Alex Corry. Even though David was just a junior lecturer, he felt that he was a full participant in the meetings of the Department of Political and Economic Science. David was also excited to learn about the foundation of the postwar world’s main institutions in a graduate course offered by Mackintosh who was present at their creation.

Recognizing David’s promise as an economist, his senior colleagues at Queen’s counseled him to go to the University of Chicago for doctoral studies. While David was also accepted at Harvard and the London School of Economics, he took their advice and went off to Chicago. There he found himself in a much larger pond. In class, he was no longer one of the few good students, but only one of many. It took him the first term to get settled in, but by the end he had managed to get a complete set of firsts in the graduate program.

David still remembers with fondness and awe many of the Chicago faculty who instructed and befriended him: Theodore Schultz, the department head, Milton Friedman, Lloyd Metzler, Tjalling Koopmans, Kenneth Arrow, Jacob Marschak, Gale Johnson, Bert Hoselitz, and Allan Wallis. The names read like a Who’s Who of postwar economics. Milton Friedman captured the spirit of this incredibly lively and friendly department in his memoirs, with his wife Rose, Two Lucky People (Friedman and Friedman, 1999).

Lloyd Metzler became David’s supervisor for his thesis on the terms of trade. Like many graduate students, David did not wait to finish his, but instead took a junior appointment in the Department of Economics at Stanford University, where he thought he could quickly finish up. Fortune did not smile on him, however. During his first year at Stanford, Lloyd Metzler became ill, with what was subsequently diagnosed in September 1951 as a brain tumour. During that year before anyone knew what was wrong, David had a number of puzzling exchanges with his supervisor over his evolving draft. When Metzler had to step down, David was given Bert Hoselitz as a new supervisor, and continued to struggle with his thesis.

David was offered a regular appointment at Queen’s as an Assistant Professor, beginning in the autumn of 1952. As such appointments were scarce, he jumped at the opportunity to return to Canada and finish off his
thesis. But the fates were not kind. When he and his wife Lillian were driving from Palo Alto to Kingston with all their belongings, including the only draft of his thesis, in a trailer behind them. David looked in the rear view mirror, only to see, to his horror, the trailer in flames. In those days before computers, an empirical thesis was built on paper worksheets, and four by six cards, all of which made very good kindling. They lost everything, and David was back at square one with his thesis.

The Gordon Commission

After an understandably troubled and fallow period, David started to work on his thesis again, but before it was finished he was offered a year-long post on the Gordon Royal Commission on Canada’s Economic Prospects. There he worked under Bill Hood’s leadership, and made many new friends including Anthony Scott, Doug LePan and Doug Fullerton. It was also a very productive period of research for him and he wrote two books — Consumption Expenditures in Canada (Slater, 1957a) and Canada’s Imports (Slater, 1957b), which are still found in all Canadian and most major foreign research libraries. The first book on consumer expenditures challenged some of the analysis and forecasting that had been done based on cross-section data; the second on imports provided some insights into the changing import structure of the Canadian economy. In addition, after he returned to Queen’s, he continued to go to Ottawa weekly by train to spend a couple of days working with Bill Hood to pull together most of the chapters of the commission’s final report.

The debates that took place inside of the Gordon Commission were very stimulating for David. He found himself swept up in the heated discussions that raged between the supporters of the nationalistic economic policy championed by Walter Gordon, and the hard-nosed realism promoted by Simon Reisman, Jack Young and Ed Safarian. Like most economists, David found himself sympathizing with the latter group.

Back to Academe

After completing his tasks for the Gordon Commission, David extended his work on imports, and submitted it as his doctoral dissertation to the
University of Chicago. His long-sought-after Ph.D. was finally awarded in 1957.

At Queen’s, David was responsible for teaching a course in money, banking and international finance and another in international trade and finance. David was a natural teacher. Perhaps his greatest contribution to Canadian economics is the large number of students he inspired both through his teaching and as a role model. Some of his most outstanding students at Queen’s were Ian and Gail Stewart, Alan and Ann Green, David Dodge, Lars Osberg, Scott Clark and Alison Morgan (née Mackintosh).

When the Department of Economics, under the leadership of Knox and Mackintosh, decided to develop a graduate program, David enthusiastically joined the team building a Masters’ and Ph.D. program. Initially, the team was comprised of Mac Urquhart, Gideon Rosenbluth and David, but it was strengthened with the addition of David Smith and L. A. Skeoch. Being only a small group and needing to cover the core subjects in depth, they each abandoned their secondary interests and concentrated on their specialties to provide a satisfactory graduate program. David led the work in international economics, and helped out with model-building and dynamic analysis. The group worked very hard and succeeded in obtaining more resources, recruiting good faculty and gradually attracting good students.

Beginning about 1962, David’s interests started to go beyond the university. He was appointed editor of *The Canadian Banker*, succeeding Frank Knox. In that capacity, he served for five years and worked closely with Harvey Perry. He also became one of the few academic members of the Ontario Committee on University Affairs, engaged alongside Douglas Wright, the chairman, and Ed Stewart, the deputy minister, in building and monitoring the whole Ontario university system. And he was active in the Canadian Association of University Teachers, becoming National Treasurer under Bora Laskin, then of the University of Toronto Law School. David was also called to serve on the Canada Council and the Board of Directors of the Bank of Canada, and the (then) Industrial Development Bank. While on the board of the Bank, he became close friends with Louis Rasminsky, Bill Lawson and Gerry Bouey.

As a member of the Canada Council, David was involved in the establishment of the first art bank. The premise behind the bank was that the best way to promote visual arts was to buy it. Given his great interest in art, David is particularly proud of this contribution which combines art and economics.

David’s involvement in the bigger world outside did not prevent him from climbing the ladder of administration at Queen’s University. He rose to be the Dean of Graduate Studies and Research, first under Principal Alex Corry and
then under John Deutsch. But an unfortunate side effect was that his steadily increasing administrative responsibilities cut substantially into the time available for his research. During this time, which should have been his most productive, his main research outputs were limited to a few pamphlets on international trade and finance for the Private Planning Association and the Economic Council (Slater, 1964, 1965, 1968 and 1969) and some survey pieces for the Canadian Banker.

David welcomed the opportunity presented by a sabbatical leave in 1964–65 to get back to economics and replenish his intellectual capital. Going to England, he divided his time between the London School of Economics and Cambridge. Harry Johnson had arranged for him to give a course of lectures in LSE’s new M.Sc. in Economics program. David was also asked to take a few students in each year of the Tripos program at Cambridge. During his stay in England, David gave seminar papers at Cambridge, LSE, Strathclyde and Edinborough.

As a diversion in the early 1960s, David became the president of a small semi-cooperative urban land development project in Kingston, called Alwington Place. It owned the best available land at that time on the shores of Lake Ontario. There he was able to put to practical use all his knowledge of urban development, town planning and land development. He and Lillian built a house there, which to this day, in its delightful garden near the lake, remains one of the loveliest houses in Kingston.

The Lion’s Den

In early 1970 David was approached by Bora Laskin, on behalf of the Board of Governors, to be the president of York University. This was an offer David could not refuse and he served from the summer of 1970 until the spring of 1973. The search for the presidency had been a very divisive affair, both at the level of the board and of the faculty. As an outsider, David was, of course, not aware of all the ins and outs of the situation. However, he knew that somehow he had to get the warring factions to work together. Unfortunately, given the need for sharp budget cuts, this challenge proved too much for even David’s strong interpersonal and conciliatory skills and he resigned his post.
Refuge in, of all Places, the Department of Finance

As always though, David soon landed on his feet. He was invited by Simon Reisman, the deputy minister of finance and old friend from Gordon Commission days, to join the department in the spring of 1973, as the director of the Economic Analysis Division, under another old friend Bill Hood, who was the assistant deputy minister. That experience proved to be a wonderful restorative for David. He welcomed the opportunity to actually do economics again after several years of being absorbed in increasingly heavy administrative responsibilities. And the Department of Finance turned out to be remarkably harmonious and collegial without the interpersonal conflicts that had plagued his term at York.

When David first came to Finance, Reisman told him that, of course, the job came first, but he also had to learn “a little French” with the help of a tutor. In his inimitable style, Reisman growled that if David could not pass the tests in two years, they would have to send him away to language school, implying that this was somehow a fate worse than death for a self-respecting economist. While he had to work day and night for two years, David managed both to do the demanding job and to pass the language test.

David had many rewarding experiences in Finance. He was a member of the small team that put together the budget each year. He also joined with representatives of the Bank of Canada to go on semi-annual visits to New York and Washington to meet with key business and government economists to take the pulse of the U.S. economy. David also represented Canada on OECD working parties, and was even chosen chairman of the key macroeconomic working party. These trips to Paris gave David an opportunity to pursue his interest in art. Anyone who ever went to Paris with David on OECD business always knew they would end up at some special art exhibit that only he knew about, such as a Michael Snow exhibit he took me to one time. When Steve Handfield-Jones became ADM, David was promoted to become the general director in the Fiscal Policy and Economic Analysis Branch. While at Finance, David served three ministers: John Turner, Donald MacDonald and Jean Chrétien.
The Economic Council of Canada

When Sylvia Ostry was appointed chair of the Economic Council of Canada, she recruited David as vice-chairman in 1978. After she left for the OECD in Paris, David became chairman of the Council in 1980. The Council was then a research, advisory, consensus-seeking body. In addition to the Annual Review which was required under its statute, it undertook four to six special studies a year. David was given responsibility for the Newfoundland reference, and picked up the responsibility for the Regulation reference after Sylvia left. Under David’s leadership, the Council built up a strong econometric team for the CANDIDE model, and a strong labour market team, and it did some good work on taxation, federal-provincial finance, and reforming Canada’s financial system. David attributes the quality of the work to the strong project directors the Council had, such as Neil Swan, Ross Preston, Bob Jenness, Keith Newton, Bert Waslander and Ron Hirshhorn.

The Council had a good record for tackling medium- to long-term economic problems and policies, and doing empirical and policy analysis work in depth. This enabled it to play a key role in developing a national consensus on important policy issues. During his tenure at the Council, David managed to escape the usual hostility of the Bank of Canada and the Department of Finance because of his close ties with these organizations. Previous and subsequent chairs were not so fortunate.

At the Economic Council of Canada, David was in his element, discussing, debating and encouraging others to do research across a wide range of important Canadian economic issues. He served as an inspiration to the many bright young economists who went through the Council.

David was also a master at bringing the Council to a consensus or almost-consensus. At one particularly contentious Council meeting over the annual report, which I attended, at the end it seemed that everybody had disagreed about almost everything. But David just thanked everyone for expressing their views and summarized what he viewed as the consensus, which bore a remarkable similarity to his own position. Since no one objected, the deemed consensus stood.

When David retired as chairman of the Council late in 1984, it was with a sense of a job well done. Despite some disappointment over the slowness with which the Council’s recommendations were implemented, he had a belief that the venture was worth the time and money. It was consequently with much regret that David watched the Council being disbanded by the government in 1992.
An Active “Retirement”

Shortly after David retired from the Council, he was asked by the Government of Ontario to chair a task force on the reform of the teachers and public service pensions. The main task was to develop a workable model of Trustee Partnerships, which would solve the unfunded liability problems and put the new programs on a self-reliant basis, and then to sell it to the provincial government and employee stakeholders. After the required analytical work was done, the model of a sound fully-funded pension program based on market investments was presented to the employees at a two-day meeting at Niagara-on-the-Lake and was accepted even though it required increased contributions at the outset. This was the model that was subsequently approved by the government (Slater, 1988b).

Based on his success in Ontario, David was asked about two years later to help reach an agreement between the Government of Nova Scotia and the Nova Scotia Teachers’ Union on their pension program. That program faced such a large and accelerating unfunded liability that it was in danger of collapsing. It differed from the situation in Ontario in that the government was only partly responsible for the unfunded liability and the provincial finances were not strong enough for it to accept the full responsibility for financing the unfunded liability. The solution worked out by David between the stakeholders was a new Trustee Partnership agreement, in which the province picked up part of the unfunded liabilities, and the teachers in return gave up a part of the indexation of their pensions (past and prospective), and increased their contributions into the new partnership agreement. The new program was also allowed to invest its assets in a wide range of market investments.

In addition to his role in reforming the financing of the Ontario and Nova Scotia public sector pensions, David was also the chair of a small task force for the Ontario government on the problems of the property and casualty insurance sectors. The property and casualty insurance industry has a long history of cyclical crises, in which insurance coverage was reduced, made more expensive, or even became unavailable in certain phases of the cycle. The central issue was to determine whether the then existing crisis in Ontario was just another such cyclical crisis or whether there were more fundamental structural problems at work. The question as it was alarmingly put to David was: “For property and casualty insurance, had Ontario become the California of the North?” By this was meant, was the development and application of tort law in medical services, property services, export services, product
distribution, and motor vehicle accidents, which had given rise to indiscriminate litigation and to huge increases in insurance costs in California, also at work in Ontario?

To answer these difficult questions, David was assisted by Deborah Coyne, who served as the task force’s executive director, in commissioning the required research. The powerful research team they assembled included Michael Trebilcock, Frank Mathewson, Marsha Chandler, and Carolyn Tuohy, all of the University of Toronto. This was always one of David’s greatest strengths, pulling together the right people to do the required research.

Based on this research, the task force determined that the tort-based explosion of claims and settlements had not and were not likely to affect insurance in Ontario to the same degree (Ontario Task Force on Insurance, 1986). But it did find that the data and analysis base of insurance and reinsurance in Ontario was weak and that therefore reinsurers were charging higher rates than necessary to protect themselves against possible risks, particularly in the area of automobile insurance.

The task force investigated the competitive and industrial organization aspects of the property and casualty insurance industry operating in Ontario, and concluded that deficiencies in the structure and regulatory systems were factors in exacerbating the industry cycles.

The task force also studied non-fault auto insurance, including partially shared fault risks, and concluded that the fault system for the application of tort law in Ontario was unsound and unfair, and recommended a change to a no-fault system of automobile insurance. While this recommendation was not fully accepted by the Ontario government, it eventually led to the development of a partially-limited fault system in Ontario.

In the early 1990s, David prepared a literature survey and commentary on transportation and economic development for the Royal Commission on National Passenger Transportation. It was discussed in a colloquium held by the Commission and subsequently published in one of the Commission’s research volumes.

But most of David’s scholarly work in the early 1990s was focused on the preparation of the book: War Finance and Reconstruction: The Role of Canada’s Department of Finance, 1939-1946 (Slater, 1995a). This was the second volume of a history of the Department of Finance begun earlier by Robert Bryce (1986). In this volume, David was asked by Robert Bryce to cover the domestic side of the experience, with Bryce contributing material on international aspects. The book tells the story of J.L. Ilsley and the handful of public officials who carried most of the burden of the financial and economic
management of the war and the planning and implementation of postwar reconstruction.

In 1992, David became one of the founding editors of *Canadian Business Economics* along with Andrew Sharpe and myself. The three-person team edited the journal for the first three years with Gordon Betcherman replacing me during the next three years. In our view, the journal filled a niche as an applied economics and policy journal, and was highly regarded both for its economic content and the non-technical writing style.

The policy research topic that most concerned David in the mid-to-late 1990s was Canada’s retirement income system. At an age when most people are only concerned about their own personal retirement, he published a review and analysis paper on reforming the retirement income system in *Canadian Business Economics* (Slater, 1995b), as well as several papers in the C.D. Howe Institute’s Commentary Series (Slater, 1997a,b, 1998; and Slater and Robson, 1999). As a result of his extensive work and expertise, he was called on to participate in many discussions on pension issues and served as the reader and commentator on the draft pension proposals prepared for the Association of Canadian Pension Managers. He also testified before the House of Commons Finance Committee on the Canada Pension Fund Investment Board.

David, always the teacher with a great fondness for and deep interest in students, also continued to teach. In the spring of 1996 and 1997, he led the economic policy seminar in the Masters’ of Public Administration program for Queen’s University. In recognition of his long service to Queen’s University, David was granted a honorary LL.D. from the university in 1989.

**David Now**

Even at 80, David remains very active. He continues to do work on pension issues and has a couple of papers in progress and circulating privately for comment. He has been secretary-treasurer for the Centre for the Study of Living Standards since 1995. In addition, he is the treasurer of the condominium in which he lives, and he is the chair of the Board of Trustees of the Dominion-Chalmers United Church.

David and Lillian travel widely, pursuing their interest in art, gradually visiting all of the world’s greatest art museums. Art has long been their shared passion.
In the year of David and Lillian’s 54th wedding anniversary, they take great comfort in the lives and works of their four daughters and five grandchildren. Barbara is the Assistant Deputy Minister for Government Online and Business Transformation in Human Resources Development Canada. Gail and her husband own and run a computer training and advisory firm in England. Carolyn is a free lancer in Ottawa. Leslie is a partner in a strategic planning operation in Toronto.

Over his long career, David has made a great contribution to Canadian economics in the proud Queen’s tradition of public service best exemplified by Clifford Clark, W.A. Mackintosh and John Deutsch. It has taken the form of building institutions both university and government, teaching and mentoring younger economists in both academe and the public service, participating in the analysis and development of policy, and contributing to the national policy debate.

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