

EDITOR'S NOTE

A TRIBUTE TO WILLIAM A. NISKANEN

This issue of the *Cato Journal* is dedicated to William Niskanen, who passed away on October 26, 2011, at the age of 78. From 1985 to 2008, Bill served as chairman of the Cato Institute and a full-time economic scholar. He continued working as chairman emeritus and distinguished senior economist until his death. He was also on the editorial boards of *Regulation* magazine and the *Cato Journal*.

During the span of more than a quarter of a century, he helped establish Cato as one of the leading free-market think tanks in the world. Like Adam Smith, he believed in “peace, easy taxes, and a tolerable administration of justice.”

Nobel laureate James M. Buchanan regarded Bill as “one of the stalwarts of modern classical liberalism.” Bill was interested in big ideas—particularly the question of how to achieve “order without direction.” He sought to understand the rules (both formal and informal) that would most likely generate social and economic harmony. Thus, he explored the intersection between economics and politics. He was a pioneer in public choice and constitutional political economy. His first book *Bureaucracy and Representative Government* (1971) remains a classic.

Bill evolved from a technocrat to a political economist. He began his career at the RAND Corporation in 1957, moved on to the Office of Systems Analysis in the Department of Defense in 1962, and then joined the Institute for Defense Analyses in 1964, where he hired Gordon Tullock and worked on developing the theory of bureaucracy. In 1970, he left the IDA to accept a position as assistant director for evaluation in the Office of Management and Budget under George Shultz. Next, he accepted an appointment as a professor in the newly established Graduate School of Public Policy at the University of California, Berkeley, where he began teaching in the fall of 1972.

In July 1975, Bill gave up his tenured position at Berkeley to become director of economics at the Ford Motor Company. As is well known, Bill was fired at Ford for his principled stand against protectionism. He refused to go along with import quotas on Japanese cars, which he called “immoral.” Rather, he recommended that Ford concentrate on meeting consumer preferences for fuel efficient cars and exceed the quality of Japanese cars.

After leaving Ford, Bill briefly took another academic position, this time at UCLA’s Graduate School of Management. In 1981, he left academia for good after being appointed to President Ronald Reagan’s Council of Economic Advisers. Bill resigned from the CEA in 1985, at which time he was acting chairman, to become chairman of the Cato Institute. In 1988, his award-winning book *Reaganomics: An Insider’s Account of the Policies and the People* was published.

Bill was highly productive at Cato—completing several books, numerous articles, and acting as editor of *Regulation*. Many of his articles are collected in two of his books: *Policy Analysis and Public Choice* (1998) and *Reflections of a Political Economist* (2008). In addition, he was president of the Public Choice Society (1998–2000), a longtime member of the editorial board of *Public Choice*, and an active proponent of tax and spending rules to constrain the size and scope of government. In his view, “The erosion of the constraints on the powers of the federal government is the most important political development in our lifetime.”

In his 78 years, Bill achieved much, but he never left his roots. Born William Arthur Niskanen Jr. in Bend, Oregon, on March 13, 1933, he developed a strong moral sense and a love of the outdoors. That moral sense was reflected in his later writings in which he argued, “The case for any social system must ultimately be based on a moral argument.” In the case of a free market system, the fundamental moral argument “is that most economic decisions require the consent of all those with the affected rights.” He also emphasized that “an economic system based on exchange, property rights, and contracts contributes to both the peace and prosperity of a community.”

Vernon L. Smith, a Nobel laureate in economics, called Bill “a great American scholar, admirably independent, whose role I cannot imagine being adequately filled by anyone else.” Bill earned his PhD in 1962, studying under Milton Friedman and other eminent economists in what came to be known as the “Chicago School.” In 2005 the

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University of Chicago awarded Niskanen a Lifetime Professional Achievement Citation, noting he was “the embodiment of what the University of Chicago stands for in terms of scholarship, professionalism, integrity and dedication.”

Bill was revered at Cato for his keen intellect, his honesty, and his adherence to limited government and a free society. He opposed the Iraq War on the basis that it was “unnecessary” and thus “unjust.” He was not afraid to take unpopular positions—provided logic, morality, and facts supported his case. He was, as former treasury secretary Lawrence H. Summers said, “the most honest man in D.C.” I will miss his friendship, good humor, and wise advice.

—J. A. Dorn