



CATO
INSTITUTE

WILLIAM A. NISKANEN

IN MEMORIAM | BY STEVE H. HANKE

In late October, Bill Niskanen met his Maker. Cato lost its chairman emeritus and distinguished scholar. I lost a friend and collaborator of 40 years.

I first met Bill in 1971, when he was the assistant director for evaluation at the Office of Management and Budget (OMB). At the time, we both had the same type of nuts-and-bolts experience. Our mindsets were technocratic—with an optimism about the possibilities for making the government “efficient” bordering on naïveté.

Even then, however, Bill possessed the seeds of a healthy skepticism. One week before Watergate, he left OMB with a sour taste in his mouth. “As a group, we made an awful botch of things as party to a rapid growth of domestic spending and regulation and the implementation of comprehensive wage and price controls.”

But I’m getting ahead of myself. To truly understand Bill and his work, we must take a deeper look at his foundation, work habits, and style.

Bill’s foundation was laid by Milton Friedman at the University of Chicago in the late 1950s. Friedman was riding high

at the time, and he was known for eschewing the fads—the frilly and esoteric techniques. He stuck to what was fundamental, simple, robust, and applicable—and it was this approach that left an indelible mark on Bill.

“Conjecture and refutation” became Bill’s methodological lodestar. After all, if you entered the fray by asserting that your policy prescriptions were theoretically true—yet untestable—how could you ever hope to resolve any differences? He sought to convince people with evidence, not to convert them to a value system. He consistently projected an air of tolerance, a will-

ingness to debate, and a firm belief that consensus was possible.

Bill’s work habits were as important to his career as was his Chicago training. The master craftsman went to his workshop at precisely the same time each day—I could set my watch to the first bang of his pipe in the ash-tray—and once he arrived, he *worked*. Bill was a man of habit and rhythm, one of the secrets behind his enormous output.

Bill began each day with a careful reading of newspapers—a rare talent in and of itself—and he was always in the watchtower from that point on. His persistence made me think of James Madison—the only Founding Father to attend every hour of the Constitutional Convention. Bill’s work style was that of a duck serenely gliding across a pond; below the surface, two feet were churning away at a ferocious pace. “Roll up your sleeves and do it yourself” was one of Bill’s mantras.

Style usually reveals a great deal about a man, and that was true in Bill’s case. He identified his management technique in the mid-1960s, as director of economic and political



Above: At a Cato reception in 1985, Niskanen chats with Sen. Steve Symms (R-ID), ICC Commissioner Fred Andre, and Dudley Schadeberg. Below: Niskanen with Alan Greenspan at a celebration of his 70th birthday. A tribute in the F. A. Hayek Auditorium included Nobel laureate James M. Buchanan and other distinguished speakers.

studies at the Institute for Defense Analyses: “I quickly discovered that the secret of being a good research manager is to hire bright people and give them only the most general guidance.” Bill liked to lead by example, and that’s what he did.

Bill was laid back. But when he struck, the punch was lightning fast and on target. In the mid-1970s, when Bill was director of economics at Ford Motor Company, Ford decided that its salvation would be the imposition of government restrictions on Japanese auto imports. Bill thought otherwise, and said so with perhaps the clearest statement on the immorality of corporate welfare ever written: “A common commitment to refrain from special favors serves the same economic function as a common commitment to refrain from stealing.” For this, Bill was sacked—which, of course, didn’t surprise him. In fact, he mentioned to me that it was the source of untold nonpecuniary

benefits. Bill loved adhering to principles.

Bill arrived at Cato in April 1985, and he had never found a more perfect match. He had always embraced Cato’s commitment to individual liberty, free markets, limited government, and peace. But over time Bill had evolved from a technocrat and a policy analyst—skills that he never abandoned—to a political economist of international regard. And he was finally home.

Bill Niskanen had personality and character. To the outside world, he perhaps seemed shy and stiff—but he was a learned and thoughtful man, at ease with friends and devoted to his family. Bill Niskanen was a man of liberty—one who was worth knowing. He is missed. ■

“The most honest man in D.C.”

—LAWRENCE H. SUMMERS

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“Bill was the first person to ever challenge me on our church’s prayers. This summer we offered prayers for our elected officials, which we always do, but used a different set of prayers: we prayed that they may use their power and authority to ensure that people everywhere have everything they need. Bill stopped me after the service and asked if perhaps we were expecting too much from our elected officials if we thought that it was their responsibility to ensure that everyone have everything they need. After all, there was God, and a whole world full of people, to spread that responsibility around. I edited the prayers.”

—**REV. CARA SPACCARELLI**,
 RECTOR, CHRIST CHURCH OF CAPITOL HILL,
 FUNERAL HOMILY