

## In Memoriam: William Niskanen

by [Fred Smith](#) on October 27, 2011



Bill Niskanen was an individual who will be missed sorely in a world where intellectuals of integrity are a rare breed. But, he will also be missed as a smiling face in the often grim world of Washington. We at CEI join many others in wishing his wife Kathy and his family our condolences and thoughts.

I came to know Bill many years ago, when I was learning the Washington game at the Council for a Competitive Economy (CCE), which sought to bring together free market business leaders and pro-market public policy scholars. Then, as now, I thought it critical for liberty-minded intellectuals to reach out to business leaders in our fight for economic liberty. After all, how can we defend capitalism, if we cannot enlist capitalists in that effort?

Bill as a fellow intellectual who had worked in business—most notably as Senior Economist at Ford—had experienced the tensions between the tactical expediencies that

often dominate business decisions and the core principles critical for sustainable profitability. His insights and advice on reconciling these tensions were invaluable.

Bill, then a member of President Reagan's Council of Economic Advisers, spoke at several CCE events and I came to know and like him. He brought a combination of insights into business, government, and economics that was unusual among prominent economists and gave him the ability to analyze a broad array of issues. After CCE closed down, I founded the Competitive Enterprise Institute (CEI). As a tiny start-up, we needed third party legitimacy. I formed an advisory group of influential individuals who were willing to vouch that CEI's business model was viable and its aims achievable. Bill accepted and became one of CEI's early advisers. Bill was rather more respectful of economic orthodoxy than I, but amused and possibly impressed by my enthusiasm.

Bill had been one of the speakers at CEI's Jefferson Group meetings which brought together the free market movement's "best and brightest" to discuss public policy issues of the day. I recall his introductory remarks to one of his otherwise scholarly talks: "Now don't worry, as Henry VIII said to his wives, I won't keep you long!" And Bill, a tall man, also repeated the observation, "All great economists are tall. There are, of course, two exceptions, Milton Friedman..." and then he'd stop and grin (knowing that one would soon recall Galbraith).

Bill was always helpful whenever I sought to explore new areas of policy and to venture among academics. He and Chris Culp encouraged me to contribute a chapter, "Cowboys versus Cattle Thieves," in their book, *Corporate Aftershock: The Public Policy Lessons from the Collapse of Enron and other Major Corporations*, and I think it is one of my best. It would not have happened without his push.

In social situations, Bill was always friendly and a bit bemused by the bustle of the business-social life inside the Beltway. Fran and I would often meet Bill and Kathy at the growing number of right-of-center soirees that have come to brighten the statist atmosphere of Washington. I only wish we could have had many more such exchanges. The impression I always got from Bill was that of a happy warrior with a conviction that logic would eventually prevail. That theme rested not always easily with my "In politics, logic is for losers" cynicism, but we both recognized that there are many niches in the war for liberty.

One of Bill's ideas that strongly influenced me and that I've incorporated into mine was his view that government could approximate the efficiencies of the market only if—for whatever reason—it faced competitive pressures to perform. For example, sometimes two government agencies are assigned similar missions (the air role of both the Air Force and the Navy, for example). Competition spurs both groups to do better. This "warring bureaucracy" model of politics is critical, as it argues against the conventional wisdom that eliminating redundancy and "duplication" in government is always desirable. Competition in the private sector is important. Bill noted it is, if anything, even more important in the political world. CEI's focus on competitive federalism is an aspect of his influence.

Bill's major role in the free market movement was as Chairman of the Cato Institute from 1985 to 2008. Bill and Cato President Ed Crane made for an interesting and creative leadership team. Ed is one of the most forceful and principled individuals I've known. Bill was equally principled, but put greater priority in exploring new frontiers of economic theory. Together, they made for a formidable team in putting ideas into action. His legacy at Cato extends from the theoretical to the practical. Sound scholarship that forms the underpinnings of creative approaches to solving the problems that ever-expanding government creates.

A mark of Bill's influence is the fact that his ideas live on, not just at Cato, but among all those who are working to maximize individual freedom in America and around the world. He will be greatly missed—for his accomplishments but most of all, for himself. It was an honor to know and to work with him.