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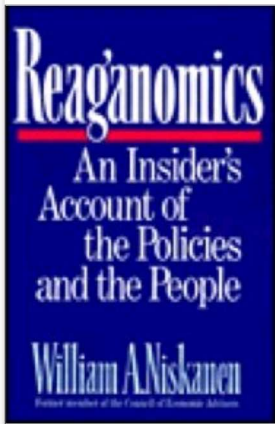
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POSTED ON **OCTOBER 26, 2011** BY **STEVEN HAYWARD** IN [CONSERVATISM](#), [RONALDUS MAGNUS](#)

WILLIAM NISKANEN, RIP

It is with great sadness that the news comes today of the passing of William Niskanen, the long-time chairman of the Cato Institute and veteran of the Reagan Administration (he was chair of Reagan's council of economic advisers for a spell). Niskanen was one of the great gentlemen of Washington and one of the intellectual giants of our movement. His modest, quiet manner in a town of loud climbers made him an unsung hero, and it is fitting that he now be sung.



You can read a good summary of his life and career over at the [Cato Institute's website](#). This piece doesn't mention, however, his fine book on Reagan's domestic policy, *Reaganomics: An Insider's Account of the Policies and the People*. Note the order there: *policies* before people. Bill was an idea man, and his book was completely unlike the gossipy and score-settling memoirs of the time (cough-cough-David Stockman-cough-cough). This early book (1988) is still one of the best and most honest accounts of the successes and failures of the Reagan revolution. It was invaluable to me in my background research for *The Age of Reagan*, and so I was awed at Bill's generosity to me when he said, on a C-SPAN Book TV broadcast, that my *Age of Reagan* was "simply *the* best history of the Reagan presidency."

There are many things about Bill worth mentioning, but I'll limit myself to three related ones. Bill was fearless about telling the truth as he saw the data. (Among other things, he was [fired by Ford Motors](#) for having the temerity to tell the company that seeking special favors from Washington was no different than stealing.) He ended his book on Reagan skeptical that Reagan's presidency amounted to a revolution, for the simple reason that their efforts fell far short of their professed goals in so many areas. This in no way diminished his regard for Reagan, but neither did his regard for Reagan cause him to engage in a facile triumphalism that everything worked out great just because we loved the man. It was in fact Bill's case that led me to title the epilogue to *The Age of Reagan* "The Reagan Revolution and Its Discontents," noting the frustrations and unfinished business of the Reagan years that have now grown to crisis proportions under Obama. A few conservative reviewers of my book expressed disappointment with the ending precisely because it doesn't take the triumphalist line. Bill wouldn't have had it any other way.



Early in the Reagan administration he roiled the waters when he presented a paper at AEI that concluded that the federal deficit had little relation to interest rates or inflation. As I put it in my book, "All hell broke loose." This was not the word anyone in



Washington, on any side, wanted to hear at the moment of soaring deficits. Which deficits, I hasten to point out, were less than half the size as a proportion of GDP as Obama's are today, and quickly fell from their worst levels, unlike Obama's which will never go away under his designs.

Bill engaged in the internecine debates in the Reagan years over whether the "starve the beast" strategy of tax cuts would work to constrain spending. Over the last few years he became convinced from the data that the "starve the beast" strategy of tax cuts backfired, and that spending has grown *faster* with tax cuts, chiefly because people are getting a dollar's worth of government now for only 60 cents in taxes. Niskanen is no friend of taxes or big government, but he came to believe in recent years that a "serve the check" philosophy may be a more effective way to contain the growth of government. If people have to pay for all the government they get, they may wish for—and vote for—less of it. I quoted Bill here on Power Line a few months back on the conservative case for raising taxes:

In a professional paper published in 2002, I presented evidence that the relative level of federal spending over the period 1981 through 2000 was coincident with the relative level of the federal tax burden in the opposite direction; in other words, there was a strong negative relation between the relative level of federal spending and tax revenues. Controlling for the unemployment rate, federal spending increased by about one-half percent of GDP for each one percentage point decline in the relative level of federal tax revenues. . . One implication of this relation is that a tax increase may be the most effective policy to reduce the relative level of federal spending.

Bill knew well that among many conservative activists (cough-cough-Grover-Norquist-cough-cough) and Tea Party circles this suggestion will be less welcome than African killer bees at an arboretum. But his intellectual honesty led him to that conclusion. We should be so lucky to have more such people as Bill Niskanen in our lives.

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