The American

An Economist's Economist

By Stephen Moore Friday, October 28, 2011

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Bill Niskanen was a towering man of six feet five inches, with a towering intellect to match. He was one of the most influential and respected economists of the last half century. His early policy advice to candidate Ronald Reagan (he was a Reaganite before it was cool) made him one of the first genuine architects of the Reagan Revolution. He was ever a skeptic of bureaucracy, government spending, the regulatory state, and politicians who professed to be acting in the public interest.

As chairman of the Cato Institute for nearly a quarter of a century, he helped build the think tank into the policy powerhouse it is today. What a first-rate public service.

He first gained fame and respect from conservatives when he was fired as chief economist from Ford Motor Company for refusing to endorse the protectionist trade policies the auto company was seeking from Washington. He was a pillar of integrity—an attribute so lacking in corporate America and government today.

To me, he was a mentor, teacher, co-author, friend, and economic genius. He had one of the biggest heads—literally—I ever saw, and I sincerely believe it was due to an oversized brain.

No one else that I have ever met could tell you in an instant and with such clarity what the impact of a Mexican currency devaluation would be on the U.S. balance of trade deficit, or how an increase in the corporate tax in France would impact wages in the United States. He was stubborn and we would often argue about issues such as the proper level of taxes—he thought a tax increase would reduce the demand for government, I believed it would increase government's size. We wrote a book together on balancing the federal budget, which was both a thrilling and educational experience. If only Reagan, Bush, or Clinton had taken his advice.

He was unbending in his beliefs and would speak his mind at his own peril. He wouldn't hesitate to call me when I said or wrote something that he believed was wrong—and almost always he was right. He served as a member and acting chairman of President Ronald Reagan's Council of Economic Advisers, and I believe to this day he would have had the job as chairman were it not that the White House was ever worried what Bill might say to the media. He was too damned honest for the job—even for Reagan.

In this past decade of economic turmoil he was sickened by the cascade of bad policy decisions by Presidents George W. Bush and Barack Obama. His advice in almost all cases was for Washington to do the opposite of what it has done. The most important thing for economic growth, he used to say, was for "government to do less." That idea certainly has not been in vogue of late. Neither Republicans nor Democrats in recent years took his advice, and the country is way poorer for it.

The good news is at least heaven is now sure to be a more prosperous place.