

## United Liberty

### R.I.P. William Niskanen (1933-2011)

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It is with heavy hearts that United Liberty mourns [the passing of political economist William Niskanen](#), former Chairman Emeritus of the Cato Institute in Washington, DC, and former acting chairman of President Ronald Reagan's Council of Economic Advisors. He suffered a massive stroke at his home on Tuesday evening, October 25, 2011 while still recovering from heart surgery in September, and passed away yesterday in a Washington hospital.

"He was a giant of Public Choice," said American University professor Laura Langbein, a long-time friend of Niskanen's, in an email. "Bill spent a lot of his life pointing out, in [an article](#) published in the *Journal of Law and Economics* in 1975 and in later books, that, contrary to what he first wrote in [*Bureaucracy and Representative Government* (1971)], bureaus DON'T maximize budgets. Rather, bureaucrats (individual government employees) maximize a mix of output and slack. This is a far more generalizable model. Bill had a great mind, and he was a nice guy. He also had a fine sense of humor."

Many other economists also lauded Niskanen's commitment to scholarship, [as noted by Cato](#):

*Niskanen was granted a Professional Achievement Award by the University of Chicago Alumni Association in 2005, sharing the stage with fellow recipient David Broder, the late longtime Washington Post columnist, and philosopher Richard Rorty. The announcement of the award described Niskanen as "the embodiment of what the University of Chicago stands for in terms of scholarship, professionalism, integrity, and dedication."*

*Niskanen's 1980 departure from the Ford Motor Company was recounted in several books and in a Wall Street Journal profile. These accounts concluded that Niskanen's departure had been forced upon him due to his principled opposition to protectionist trade policies. "Mr. Niskanen's sermons against the protectionist temptation weren't exactly what Ford management wanted to hear," wrote the Journal's Robert Simison. "It soon decided to launch anyway what has become an active publicity and lobbying campaign for government controls on Japanese autos. ...They also decided they didn't need Mr. Niskanen's advice. They fired him."*

*"When Bill first came to Washington in the '60s, Americans had great faith in government," said Cato scholar John Samples. "Bureaucracy and Representative Government, the book he wrote in 1971, was one of the main forces that helped start to change that. In that book, Bill accurately predicted that Congress would have a very difficult time calculating the true costs of public services, particularly national defense."*

The field of public choice exploded the conventional wisdom in political economy that governments are neutral arbiters of policy and act in a vacuum, in the best interests of the polity.

Rather, individual government actors, from bureaucrats to elected officials, respond to incentives just like you and I do. When you read criticisms of campaign finance, lobbying, or other forms of special interest politics, rest assured that these arguments find their intellectual foundation in the field of public choice economics.

And Niskanen's contributions to work in the field were groundbreaking, propelled the Reagan revolution, and laid the framework for the often cited claim that "In this present crisis, government is not the solution to our problem. Government is the problem."

The [Tax Foundation blog](#) recalls a [1971 article](#) Niskanen authored for them on the federal budget process:

*"Governments, however, do not face the conditions that make the economic calculus and good accounts relevant to a business firm. There is no objective valuation of the output or measurement of profits. In addition, there is no frequent objective indication of the overall performance. A government, in effect, is a non-profit monopoly that provides services to its members at a zero price, is financed by lump-sum charges, and makes its budget decisions on the basis of information about cash disbursements and the anticipated vote of the members. New methods for government budgetary choices, to be valuable, should focus on these unique characteristics of government."*

Mercatus Center fellow Veronique de Rugy offers [a personal remembrance](#):

*Many of us who have worked with him know that Bill would never hesitate to tell you when he thought you had made a mistake or when he thought that your position was wrong. However, Bill was also someone who would go out of his way to encourage you or tell you when he liked your work. I still remember the day when he called me up at AEI, where I worked at the time, just to tell me that he enjoyed something I wrote on homeland-security spending. Another time, after reading one of my posts at the Corner, he called me up to offer to serve as a character witness in my naturalization process. I guess he knew that I would need all the help I could get on that front.*

Cato Institute director of tax policy studies Chris Edwards [adds](#):

*One impressive thing about Bill was the huge range of his policy interests and scholarship. At Cato, Bill tackled issues in fiscal policy, international trade, defense spending, foreign policy, public choice economics, macroeconomics, monetary policy, and corporate governance. He even published a statistical analysis of crime rates.*

*Bill was a mentor and a good friend, and I will miss him.*

John Samples, director of the Center for Representative Government at Cato, remembers Niskanen in [this podcast](#).

Center for American Progress Action Fund fellow and blogger Matthew Yglesias also [heralded](#) Niskanen's work:

*The economist and libertarian William Niskanen died today. I can't say I was particularly familiar with the man (though I did meet him once or twice) or his work, but I do recall that for the past few years he's been engaged in a lonely-but-important effort to get his fellow travelers on the right off their obsession with a "starve the beast" approach to governing. His paper "Limiting Government: The Failure of Starve The Beast" ([PDF](#)) seems like the kind of thing someone of lesser stature wouldn't be able to get a right-wing think tank to publish these days.*

It follows from Niskanen's contributions that "starving the beast" in no way impacts the tendency of bureaucrats to maximize the amount of slack in their work, relative to the output they produce in services. In short, government will be wasteful and inefficient regardless of its relative resources.

I never had the privilege of meeting Dr. Niskanen in my year long tenure in Cato's media shop. But I enjoyed immensely the opportunity to familiarize myself with [his body of work](#). I highly recommend his collection of articles, [Reflections of a Political Economist: Selected Articles on Government Policies and Political Processes](#).

Niskanen is survived by his wife Kathy, and his three daughters Lia, Pamela, and Jaime.

Rest in peace.