

## Please govern, but not too much

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U.S. economist William A. Niskanen has seen it all, more or less. Niskanen has watched American presidents come and go or be forced out of office. He has seen wars lost and wars won, witnessed the crumbling of empires and the rising of independent nations from the political rubble, studied economies in full boom and others that have bust in devastating fashion, and he now eagerly awaits to see what drama will play out next on the world stage.

He has, for much of his career, worked behind the scenes—as a defense industry number cruncher, budget analyst and economic adviser, and information broker to high-profile government decision makers. These days he operates under a considerably brighter spotlight, as chairman of the internationally renowned Cato Institute, a U.S.-based public policy research foundation in Washington, D.C.

Niskanen was in Prague earlier this month to present a speech called “The Effects of Government Regulation” for the nonprofit, nongovernmental, nonpartisan think tank Liberální institut.

The Czech Republic has come a long way in its economic development, but would do well to heed the mistakes made by governments with longer, stronger economic histories, such as unemployment-racked Germany, and the debt-ridden United States.

The Cato Institute, which celebrated its 30th anniversary last year, hosts a broad variety of research projects, ranging from bioethics to U.S. foreign policy. For European audiences, the group describes itself as a “classic liberal” think tank. To American audiences—who have experienced the word “liberal” as a politically charged, ideological label—it describes itself as a “libertarian” public policy institute.

All of which basically boils down to a laissez-faire operating philosophy that applauds free-market economics and lower military spending, and decries government intrusion into the individual’s daily life as well as pervasive military commitments abroad. Niskanen served as a member, and eventually acting chairman, of the Council of Economic Advisers under the administration of President Ronald W. Reagan during a period of particularly robust economic U.S. growth in the 1980s. The Czech Republic, with its own strengthening economy and growing political respect, is poised to be a strong player on the political playing field, including in European foreign policy, should it so choose, he said.

Niskanen was born in Bend, Oregon, a small lumber town, but the largest town within 150 miles. “We thought we were the kings of the universe. Our high school athletic teams had to travel half a day to find competition.”

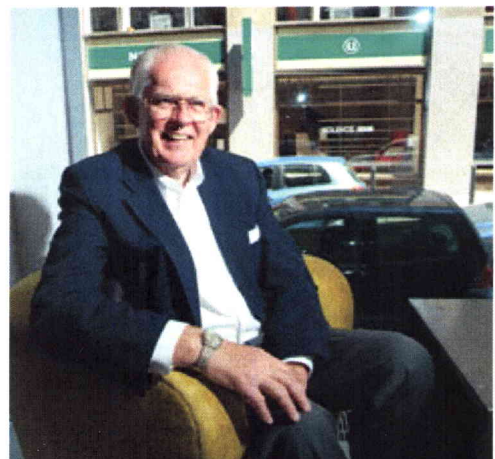
He finished classes at the University of Chicago in 1957. His doctorate was awarded in 1962.

He went to work at the RAND Corporation, a non-profit global think tank and non-partisan analysis group first formed to offer research to the American armed forces.

### **Q: As an economist, what is your general take on the way the Czech Republic is developing economically?**

**A:** The Czech Republic in its current political structure is not very old, and so they’ve made enormous progress, starting from [where it was as] a communist country in 1989. Enormous progress. Somewhat to my surprise, the Czech Republic is more industrial than I expected. We went down to [Ěeský] Krumlov [in South Bohemia] yesterday, and all the way down, there are substantial industrial plants, whereas in many other countries, including the United States, total industrial employment has been falling.

It seems to be highly varied. In a world in which there has been a considerable consolidation of the older



**Who is William A. Niskanen**

**Born:** March 13, 1933, in Bend, Oregon, U.S.

**Education:** 1962, doctorate in economics from University of Chicago, U.S.; 1954, bachelor’s degree in economics from Harvard University, U.S.

**Work history:** Since 1985, chairman of the Cato Institute; 1981–85, member and acting chairman of the Council of Economic Advisers under U.S. President Ronald Reagan; 1980–81, professor of economics at University of California at Los Angeles, U.S.; 1975–80 director of economics, Ford Motor Company, U.S.; 1972–75, professor of economics at University of California at Berkeley, 1970–72, assistant director of U.S. Office of Management and Budget; 1965–70, director of analysis program at the U.S. Institute of Defense Analysis; 1961–64, director of special studies in the Office of U.S. Secretary of Defense; 1957–61, defense analyst at nonprofit think tank RAND Corporation.