1. Introduction

For most economists the terms “Chicago economics” and “institutionalism” denote clearly antithetical approaches to the discipline. Various members of the modern “Chicago School” have made highly dismissive remarks concerning American institutionalism. Coase has commented that American institutionalists were anti-theoretical, and that “without a theory they had nothing to pass on except a mass of descriptive material waiting for a theory, or a fire” (Coase 1984, p. 230). Some of these attitudes have their roots in the interwar period, most obviously in Frank Knight’s bitingly critical attacks on the methodology and policy positions of institutionalist and advocates of the “social control” of business (Knight 1932). Nevertheless, what this presentation seeks to reveal is a much more complex interrelation between institutional and Chicago economics. To fully understand this relationship it is necessary to begin with the early years of the Chicago Department of Economics.

2. Chicago Economics and Institutionalism 1892-1919

The Chicago Department of Political Economy was begun in 1892 with Laurence Laughlin as its head. While Laughlin was extremely conservative in his economic and political views, and very much at odds with the historicist or “new” school influence in American economics, he built a department that was extremely diverse in its interests and had significant representation of those critical of “orthodox” economics (Nef 1934). Most obviously, Laughlin brought Thorstein Veblen with him from Cornell, and shortly thereafter placed him in charge of editing the Journal of Political Economy. As Hodgson has argued (Hodgson 2004), Veblen’s years at Chicago (from 1892 to 1906) were remarkably creative ones. During this time he published The Theory of the Leisure Class (1899), The Theory of Business Enterprise (1904), and taught his famous course on Economic Factors in Civilization which contained much of the material that would appear later in The Instinct of Workmanship (1914). Veblen’s presence on the faculty had a substantial impact on a number of students, particularly Wesley Mitchell, Robert Hoxie, and, to a lesser extent, Herbert Davenport.

Davenport remained a friend of Veblen’s and displayed a continuing interest in institutionalism. Despite his adoption of a more “Austrian” approach, Davenport utilized a number of Veblenian ideas and categories in his work. Davenport obtained his PhD in 1898 and taught at Chicago from 1902 to 1908, then moved to become head of the Economics Department at Missouri (in 1908), where he hired Veblen, and then at Cornell (in 1916), overlapping slightly with Knight’s time at Cornell as a graduate student and instructor. Mitchell’s 1899 doctoral dissertation, the “History of the United States Notes,” was prepared under Laughlin’s supervision but Mitchell was deeply impressed with Veblen’s analysis of pecuniary or “business” institutions and their failings (including business cycles). Mitchell taught at Chicago as an instructor in 1901 and 1902 but, despite Laughlin’s efforts to retain him, he left for Berkeley in 1903. Robert Hoxie completed his doctorate in 1905, and his earlier work, in particular, is full of Veblenian concepts. Hoxie taught at Chicago from 1906 until his suicide in 1916.

1 This paper borrows heavily from Rutherford (2010; 2011).
It was on Hoxie’s recommendation that Laughlin hired Walton Hamilton from Michigan to Chicago in 1913 (Dorfman 1974, p. 6). Hamilton only stayed at Chicago until 1915 when he moved to Amherst, but Hoxie and Hamilton became close friends. Clarence Ayres was introduced to institutionalism by Hamilton at Amherst and went to Chicago with the intention of studying with Hoxie, but Hoxie’s death occurred very shortly afterward, and Ayres switched into philosophy. According to Hamilton, it was Hoxie who first used the term “institutional economist” to describe himself (Hamilton 1916). Hamilton later introduced the term into the literature of economics in a paper presented at an American Economic Association meeting in 1918 titled “The Institutional Approach to Economic Theory” (Hamilton 1919). The paper is a manifesto for this “institutional” approach to economics. Hamilton argued that anything that "aspired to the name of economic theory" had to be relevant to the solving of pressing social problems or “social control;” relate to institutions as both the “changeable elements of economic life and the agencies through which they are to be directed;” concerned with "process" in the form of institutional change and development; and be based on an acceptable theory of human behavior, one in harmony with the "conclusions of modern social psychology." Institutionalism also emphasised a more empirical approach to economics. According to Hamilton, among the "leaders" of this move to develop an institutional economics were Thorstein Veblen and Wesley Mitchell. In 1923 Hamilton moved to head up the Robert Brookings Graduate School which became a major center for institutional economics.

Also involved in the same conference session was J. M. Clark who had been hired to Chicago by Laughlin in 1915. Clark’s doctoral dissertation had been on railway regulation and Laughlin wanted a “railway man”. At this point in his career, however, Clark was attempting to accommodate Veblen’s critique of neoclassical economics, and was turning his interest to issues such as social value, economics and psychology, institutional reform, and “social control.” His paper at the 1918 conference complemented Hamilton’s paper by arguing for an economics "actively relevant to the issues of its time" (Clark 1919).

Another member of this group was Harold Moulton. Moulton completed his PhD at Chicago in 1914 under Laughlin, but he also admired Veblen. He became an assistant professor at Chicago in the same year. Clark, Hamilton, and Moulton co-authored *Readings in the Economics of War* (1918). Moulton developed interests in monetary and financial economics, and his work contained a clear institutionalist position. He was promoted rapidly and stayed at Chicago until 1922 when he moved to head up The Institute of Economics (later the Brookings Institution).

In the period up to 1918 the department at Chicago contained, at various times, a very high proportion of the leading figures most closely associated with the institutionalist movement: Veblen, Hoxie, Mitchell, Hamilton, Moulton, Clark, and Ayres. In addition Chicago also hired Chester Wright in 1907, Leon C. Marshall and James Field in 1908, and Harry Millis in 1916 who were all as much institutionalist as anything else. Wright, Marshall and Field jointly worked to move economics instruction away from the “straight-jacket of conventionalized theory” to a method of instruction emphasizing the development of economic institutions, inquiry into current problems and issues, and the fostering of creativity and originality (Field 1917). To this end, they produced a book of readings to supplement the usual texts (Marshall, Wright, and Field 1913). This problem centered approach to teaching was also pursued by Hamilton at Amherst. In addition Marshall produced a book, *Readings in Industrial Society* (Marshall 1918), with a heavy emphasis on the institutional development of industrial society, the money economy and financial organization, machine industry, the wage system and the worker, industrial concentration, competition, private property, and social control. This book contained
a significant number of readings taken from Veblen, Mitchell, Hamilton, Moulton, Hoxie, J. M. Clark, and J. A. Hobson. Hamilton held both Field and Marshall in high regard, and Ayres regarded Marshall’s book as a significant early contribution to the institutional type of economics (Ayres 1918, p. 88). Millis was a 1899 Chicago PhD but had been Commons’ first graduate student at Indiana. Commons always thought of Millis as one of “his boys.” He replaced Hoxie in labor economics. Chicago, thus, has a strong claim to be seen as the birthplace of what became known as institutional economics.

Other Chicago graduates in economics from this time who would become associated with institutionalism include Edwin Nourse (PhD 1915) and Sumner Slichter (PhD 1918). Outside of economics, Ayes completed his philosophy doctorate in 1917 and Max Handman completed his sociology PhD in 1917. Handman became a colleague of Veblen’s at Missouri and then moved to the University of Texas. Ayres remained at Chicago teaching philosophy until 1920 when he moved to Amherst and joined Walton Hamilton on the faculty. Later, in 1930 he was hired to Texas (replacing Handman) and became the leading figure in the institutionalist group there.

It is also worth mentioning that Laughlin and his successor as Head, L. C. Marshall, encouraged women students and that the Department of Political Economy had close connections with the then independent Chicago School of Civics and Philanthropy. Although not usually spoken of as a part of the institutionalist canon much of the work done by these women was statistical and institutional in character. Most notable in this respect were Sophonisba Breckinridge who obtained her PhD in 1901 in political science, and Edith Abbot, a student of Laughlin, Veblen, Mitchell, and Breckinridge and a 1905 PhD in economics. Both taught briefly in economics and became important figures in the work of the School of Civics and Philanthropy.

3. Chicago Economics and Institutionalism in the 1920s and 30s

The interwar period is sometimes seen as a period in which the “first Chicago School” was formed. The usual presentation of this first Chicago School tends to focus on Jacob Viner, Frank Knight, and Henry Simons (Millar 1962), seeing them as precursors to the modern Chicago School associated with Friedman and Stigler. There is truth in this, particularly with respect to the “affinity group” that formed around Frank Knight in the middle 1930s. In addition to Knight, Simons, and Lloyd Mints this group included Milton Friedman, Rose Friedman Director, Aaron Director, George Stigler and Allen Wallis (Reder 1982, p. 6-7).

Nevertheless, throughout much of the interwar period the Department remained very much a “mixed bag” (Reder 1982, pp. 2-3). Viner had been hired in 1916. He brought with him a commitment to neoclassical theory, but he was a scholar of considerable breadth and became close friends with J. M. Clark. Clark remained on the Chicago faculty until 1926 when he was hired away by Columbia (Viner was the other candidate seriously considered). At that point Clark had just completed his book *The Social Control of Business* (Clark 1926) which detailed numerous types of market failures and the need for regulation of business. L. C. Marshall, James Field, Harry Millis, and Chester Wright all remained on the faculty throughout most of the 1920s and continued to provide a decidedly institutionalist orientation. Moreover, Paul Douglas was hired in 1920, and Douglas combined neoclassical and institutional approaches. His work included important empirical applications of neoclassical theory, a broad interest in labor issues, and a reform sensibility more in line with the institutionalists (Reder 1982, p.3). Douglas also led the effort to have Veblen nominated for the Presidency of the American Economic Association.
Graduates from the early 1920s included several individuals who took to institutionalist ideas and approaches. Harold Innis (PhD 1920) wrote under Wright’s supervision but was much influenced by Veblen. He went on to have a major impact on economics and economic history in Canada. According to Innis, there was an informal group who met to discuss the work of Veblen. This group included Innis, Morris Copeland, Carter Goodrich, Clarence Ayres, and possibly Max Handman, as well as Frank Knight (an instructor at Chicago from 1917-19), so it is clear that interest in Veblen’s work at Chicago survived his departure by many years (Neill 1972, p. 12). Morris Copeland graduated in 1921 with a thesis titled “Some Phases of Institutional Value Theory” prepared under J. M. Clark’s supervision. Copeland had been an undergraduate student at Amherst where Walton Hamilton was teaching. He went on to become a central member of the institutionalist movement in the interwar period (Rutherford 2002). Copeland and Slichter were both hired to Cornell by Davenport (in 1920/21). Another Amherst student, Carter Goodrich, was awarded his doctorate from Chicago in 1921 and also became closely associated with the institutionalist movement working in labor economics and economic history.

Other graduates with institutionalist credentials include Hazel Kyrk (PhD 1920) and Helen R. Wright (PhD 1922). Kyrk wrote on “The Consumer’s Guidance of Economic Activity” under Field. This work won the prestigious Hart, Schaeffner and Marx prize and was published as A Theory of Consumption (Kyrk 1923). In 1925 she was appointed to the Department of Home Economics at Chicago, and later held a joint appointment with the Department of Economics. Kyrk was highly critical of marginal utility theory as a basis for a theory of consumption and emphasized the social nature of the formation of consumption values. Helen Wright was encouraged to pursue her PhD in economics after studying with Breckinridge and Abbott in the School of Civics and Philanthropy. Her dissertation was on “The Political Labour Movement in Great Britain, 1820-1914.” She, along with Edwin Nourse, were then hired to the Institute of Economics by Harold Moulton, who had left Chicago to head up the Institute in 1922. She also taught in the Robert Brookings Graduate School headed by Walton Hamilton.

In the later 1920s, however, the character of the Chicago Department began to change noticeably. Clark left for Columbia in 1926, Field retired in 1927, Marshall left in 1928 to become professor of law and Director of the Institute of Law (a center for legal realism) at Johns Hopkins. The new additions to the Chicago faculty in economics were of a much more neoclassical persuasion. In the later 1920s several important additions were made to the Chicago faculty in economics. Henry Schultz, a student of Henry Moore’s at Columbia, came in 1926. Lloyd Mints took over the teaching of the money and banking courses in 1927. Frank Knight and his student, Henry Simons, arrived in 1927. Knight’s relationship with the institutionalists is discussed in more detail below. Aaron Director initially joined the Department to work with Paul Douglas but he soon became a leading member of the group that gathered around Frank Knight.

There is no question that the institutionalist element at Chicago declined quite precipitously after the late 1920s. Of Chicago PhDs after 1930, only two can really be associated with institutionalism. Hazel Kirk passed on her anti-neoclassical views and her interest in household economics to her student Margaret Reid who graduated in 1931 from the Department of Home Economics, and in 1933, Ruth Allen graduated with a thesis of “The Labor of Women in the Production of Cotton,” supervised by Millis and with a committee that included Paul Douglas, Frank Knight, and Lloyd Mints. Allen went on to become an important member of the institutionalist group at the University of Texas. Allen, however, seems to have been the last Chicago PhD who developed close ties with the institutionalist movement.

Some criticisms of institutionalism also began to emerge from Chicago from about the late 1920s onward but these lines of attack did not come from a consistent point of view. In 1928 Henry
Schultz complained that “some economists, among whom are to be included not a few members of the institutional school, have, unfortunately, gotten the impression that any attempt to derive a law of demand must needs be based on no better psychology than that of James Mill. A few of them go so far as to deny the existence of the law of demand” (Schultz 1928, p. 95). Schultz was to continue his critique of the institutionalists approach to empirical work in a public lecture given in 1937 that was explicitly critical of Mitchell’s quantitative methods (Schultz 1937). In a 1928 AEA roundtable on quantitative methods, Viner (1928) defended qualitative neoclassical theory and expressed concerns about the applicability of natural science methods to economics. This contribution is clearly a response to Mitchell’s view that quantitative work would lead to a very different kind of economics focused on quantitative measurement and empirically testable propositions (Mitchell 1925). Knight pursued a more radical line of attack, being altogether critical of the scientism of those who espoused quantitative and empirical methods. Knight also attacked the behaviorism of institutionalists such as Copeland, and the policy interventionism of those such as Sumner Slichter (Knight 1924, 1932). Knight’s criticisms were not limited to institutionalists, however, and he was hostile to both Schultz and Douglas (Reder 1982, p. 6).

Despite the emerging criticism of institutionalist work, the idea of a Chicago Department dominated by a consistently neoclassical and conservative point of view does not hold for the 1920s. Things did change in the 1930s, although it is worth noting that Viner and Knight had many differences. Knight was no orthodox neoclassical, Viner was not opposed to various types of intervention, and as well as Paul Douglas, Oscar Lange joined the Chicago Department in 1938. Of course, Henry Simons produced his *Positive Program for Laissez Faire* (1934) which is often seen as a highly free-market tract. It does propose strong enforcement of anti-trust laws, a monetary rule to stabilize the price level, and a 100% reserve policy. All the same, Simons’ monetary views were not unique to Chicago and were shared by some institutionalists, such as John R. Commons. Simons’ further proposal that the regulation of natural monopolies should be replaced by public ownership was endorsed by institutionalists concerned with regulation issues, such as Columbia’s James Bonbright.

4. **Knight and Institutional Economics**

Knight completed his PhD in 1916 at Cornell under the supervision of Allyn Young. He also overlapped with Davenport. According to Knight, Davenport displayed “an almost fervent admiration for Veblenism” (Knight 1931). Knight’s thesis was revised with the help of J. M. Clark and published in 1921 as *Risk, Uncertainty, and Profit*. Knight spent two years at Chicago (1917-1919) where he met Ayres, Copeland, and Handman. He developed a close personal friendship with Clarence Ayres, and he corresponded frequently not only with Ayres, but also with Copeland and Handman on issues including valuation, behaviorism, economic history, and the treatment of consumption. Knight then spent eight years at the University of Iowa (1919-1927) during which time he read widely in the work of the German Historical School and developed an interest in the work of Max Weber. He published a translation of Weber’s *General Economic History* in 1927, the first translation into English of any of Weber’s work (Emmett 2013).

Knight arrived in Chicago with the expectation of teaching in institutional economics and not in economic theory (Emmett 2009; 2013). Knight did teach a course on “Economics from an Institutional Standpoint” from the early 1930s through to at least 1942, but the course was not always offered. As indicated, Knight knew the work of institutionalists such as Veblen, Commons, Mitchell, Copeland and Ayres extremely well. Geoff Hodgson has gone so far as to argue that Knight should be classified as an institutional economist, although a “maverick” institutionalist (Hodgson 2001, but see Emmett 1999; 2009; and Asso and Fiorito 2007). Hodgson’s argument is based largely on Knight’s views on the limits
to price theory, his deep interest in issues of institutional change and what he called “historical sociology,” his course on “Economics from an Institutional Standpoint,” and his admiration for the work of Max Weber. On the other hand, Knight subjected the ideas of the institutionalists to sustained criticism, attacked all varieties of “scientism” and behaviorism, held a distrustful view of political processes (and of those who sought political position or influence), and consistently maintained the central importance of standard price theory in any economic analysis, whether theoretical or historical in nature (Knight 1924; 1932). Knight, then, had both a deep interest in institutional issues, a highly critical view of the American institutionalists, and his own particular approach to these issues. Knight’s particular relationship to the institutionalists is evident in his taking on the role of critic in Tugwell’s *Trend of Economics* (1924), a book that was mostly an institutionalist manifesto with essays by Mitchell, Clark, Copeland, Slichter, Tugwell, and several others of institutionalist persuasion.

For Knight, economic theory deals with the problem of rational choice, of using given means to achieve given ends, or the sphere of “economizing” behavior. Economic theory of this type is highly abstract and general: “There are no laws regarding the content of economic behaviour, but there are laws universally valid as to its form. There is an abstract rationale of all conduct which is rational at all, and a rationale of all social relations arising through the organization of rational activity” (Knight 1924, p. 135). These general laws, in Knight’s view, are not institutional or historically relative. Institutions “supply much of their content and furnish the machinery by which they work themselves out, more or less quickly and completely, in different actual situations,” but the “general laws of choice among competing motives or goods are not institutional” (Knight 1924, p. 137).

Nevertheless, in Knight’s view, the broader task of understanding the changing institutions, social values and norms was both important and the subject matter of institutional economics or of historical sociology. These issues, and particularly the question of the development of capitalism and of its particular values, much concerned Knight. Knight made it clear that he did “not take the American institutional economics very seriously,” but he did “take economics from an institutional standpoint very seriously.” What Knight wanted to do was to take up the institutionalist “challenge” and “make some real contribution toward an understanding of institutional development.” However, even in this context he argued that a proper understanding of the principles of the price theory was absolutely central. In his review of Sombart’s *Modern Capitalism*, Knight complained that its “most striking feature . . . is the author’s failure to understand the elementary mechanics of the competitive economic organization” (Knight 1928, p. 90), a complaint he extended to most historians and institutional economists. Of the American institutionalists, he spent most time on Veblen, but his most generous comments concerned Commons’s work, work that he regarded as hopelessly unsystematic but highly “suggestive and valuable” (Knight 1935). Kenneth Parsons’s article “John R. Commons’ Point of View” (Parsons 1942) originated as a paper for Knight’s course, Knight being interested in the issue of whether Commons had “a system” (Parsons 1976). Knight admired Weber on the grounds that “he is the only one who really deals with the problem of causes or approaches the material from that angle that can alone yield an answer to such questions, that is, the angle of comparative history in the broad sense” (Knight 1928, p.101-102).

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2 Earl Hamilton, Economics 305 notes, Summer 1935, Frank Knight Papers, Box 38, folder 8
3 Frank Knight to Clarence Ayres, 16 February 1937, Clarence Ayres Papers, Box 3F290, Frank Knight folder
4 There is also an essay on Veblen written for Knight’s course. See Asso and Fiorito (2013).
Some course outlines, reading lists, and student notes are available for Knight’s course. A letter to Ayres enclosed the outline/reading list for 1937. In terms of major topic headings it goes as follows:  

Economics 305: Economics from an Institutional Standpoint  
(Winter 1937)

I. The Institutionalist Movement  
1. AEA Round tables on Institutional Economics (AER 1931 and 1932)  
2. Veblen  
3. Criticism of Veblen (Homan, Teggart, Harris)  
4. Commons  
5. Tugwell’s Trend of Economics (chapters by Mitchell, Clark, Tugwell, Copeland) 
6. Hamilton 
7. Criticism of institutionalism (Homan, Flugge)

II. The Historical Schools of Economic Thought  
1. Older Historical Economics (Roscher, Hildebrand, Knies)  
2. Later Historical School (Schmoller, Bucher)  
3. Historical Economics in England (Leslie, Ashley)  
4. Neo-Historical School in Germany (Sombart, Weber, T. Parsons and others)  
5. Tawney

III. General Problems; Institutions, Their Origin and Development  
1. The Meaning of Institutions (Hamilton, Cooley, sociology and anthropology)  
2. Process and Causality in Institutional Change (social progress, Darwinism, evolution)

IV. The Institutional View of Economic Life. The task of institutionalism that of accounting historically for the factors treated as data in rationalistic, price theory economics.  
1. The Economic Attitude: individualism and utilitarianism (Sombart on the spirit of capitalism, Weber on protestant ethic, history of ethics)  
2. Wants (Sombart on demand)  
3. Technology (history of technology, Mumford)  
4. Resources  
5. Organization (Bucher, industrial evolution)  
6. Economic Institutions as Embodied in Law  
   i. General notions of law (Jurisprudence)  
   ii. History of law  
   iii. Institution of property  
   iv. Business Corporations  
   v. Property, Contract, Corporation, Sale or Market

An earlier outline from 1934 shows some different organization of the material on the general issues of institutional economics with greater emphasis on problems in the explanation of behavior and with more discussion of economic history and theories of history (Samuels 2005). From the student

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5 Frank Knight to Clarence Ayres, 16 February 1937, Clarence Ayres Papers, Box 3F290, Frank Knight folder. The items in brackets are my own summaries of much longer descriptions of content.
notes available it does not appear that Knight kept closely to his outlines, although discussions of Veblen, Sombart and Weber appear to be a constant. The student notes also include critical discussions of Marx, something that does not appear explicitly in the course outlines.\(^6\)

In Knight’s view both legal developments and ideological elements (values) were major factors in the development of capitalism and of a system embodying much increased individual liberty. In particular, he pointed to the “change in the content of the property concept, its differentiation into numerous forms, and the liberation of both men and things from the prescription of authority and tradition,” the development of rationality, science, and of deliberative action, and the constructive rather than purely acquisitive nature that the “spirit of enterprise” gained under capitalism (Knight 1928). He emphasized the particular significance of the development of the “enterprise economy” as a break from the systems of the past based on authority. The 1934 outline contains a passage that reads “One fairly clear observation about history is the progress toward more self-conscious, i.e. less “institutionalized” character, involving more individualism, more conscious co-operation, but also more conscious conflict” (Samuels 2005). Knight was, however, quite aware that societies could become decadent and decline, and he was clearly concerned with what he saw as the more recent decline of liberalism in the face of demands for more “social control” and the trend of events since the New Deal.\(^7\)

From the various outlines and course notes available it appears that Knight provided an extremely informed discussion of many episodes in economic history, and both presented and critiqued a wide variety of treatments of institutions and institutional change, but the student notes do not present a well-articulated theory of institutional change, but rather a series of critical examinations of specific writers and issues.

5. Conclusion

The relationship between Chicago and institutionalism from the 1890s to the 1930s is a fascinating one. In the period up to 1920 Chicago is a hotbed from which the American institutionalist movement emerged. Veblen, Hoxie, Mitchell, Hamilton, Moulton, Clark, Ayres, Marshall and more all overlapped at various times and fed off each other in the creation of institutionalism. During his first period at Chicago, Knight was exposed to this atmosphere and not only came to know of the literature of American institutionalism but became personally acquainted with Ayes, Copeland, Handman and others. Knight, however, had a critical reaction to certain aspects of American institutionalism, particularly its scientism, behaviorism, and calls for increased government intervention and social control, but this did not dampen his interest in the issues of institutions and institutional change. Knight then continued to develop this line of work while at Iowa, absorbing the work of German historical writers and especially the work of Sombart and Weber.

Knight returned to a Chicago department that was shifting in a neoclassical direction, but which was by no means monolithic. While Viner and Knight became the twin poles of Chicago price theory, Knight maintained his interest in institutional issues in his course on Economics from an Institutional

\(^6\) Samuels (2005) reproduces notes from Taylor Ostrander. There are a few notes from Earl Hamilton in the Knight Papers, Box 38, folder 8, and a later set of notes from Hyman Minsky in the Hyman Minsky Collection at Bard College, Box 5.

\(^7\) Lecture Notes on Institutionalism, Frank Knight, Spring 1942, taken by Hyman Minsky. Hyman Minsky Collection, Bard College, Box 5.
Standpoint. Knight developed a group of students around him including Henry Simons, Aaron Director, Milton Friedman, and George Stigler. Despite the interest that Knight displayed in institutions and institutional change, and especially in the issue of changing values, what most students took from Knight seems to have been his views of the central importance of price theory, of competitive markets, and his classical liberal philosophy and set of values. The broader and longer term institutional issues that interested Knight do not seem to have been taken over by any of his immediate students. The most obvious commonalities are rather with the work of F. A. Hayek and, more recently, with Deirdre McCloskey on bourgeois values.

References


