

William B. Greer, *Ethics and Uncertainty: The Economics of John M. Keynes and Frank H. Knight* (Cheltenham and Northampton, MA: Edward Elgar, 2000) pp. viii, 146, \$75.00. ISBN 1 84064 445 1.

In 1921, both John Maynard Keynes and Frank H. Knight published books that placed “uncertainty” at the center of a modern theory of knowledge. The titles give a hint of the difference between them. Keynes’s *A Treatise on Probability* argued that the probability assigned to a statement is a function of the subjectivity of our knowledge, not of the statement’s ultimate truth or falsehood. Knight’s *Risk, Uncertainty, and Profit* argued that the voluntary nature of human conduct renders the outcome of human action unknowable. Hence, while Keynes understood uncertainty to refer to the problem of subjective knowledge, Knight understood it to refer to subjectivity of human action.

The happy coincidence of the simultaneous publication of two books on uncertainty, written by two individuals who came to represent opposite sides of the central economic questions of the twentieth century (not capitalism vs. socialism, but rather what kind of capitalism!), has often been too much to resist. Maurice Netter’s (1993) article on uncertainty in Keynes and Knight is now followed by this work by Bill Greer. Greer’s own position to the two subjects of his book adds an additional twist. He teaches at Milligan College, where Frank Knight received his first degree, yet his doctoral supervisor was the noted post-Keynesian Paul Davidson, who has regularly argued that Keynes’s notion of uncertainty is fundamental to post-Keynesian economics.

Greer’s particular focus is not uncertainty *per se*, but rather the ethical and economic consequences the two authors draw from their theories of uncertainty. He argues that both authors placed uncertainty at the center of their economic theories, but that the different ethical theories they drew upon in interpreting uncertainty, coupled with the different philosophical traditions with which they identified, led them to adopt significantly different policy prescriptions. Keynes’ Cambridge world is described in terms reminiscent of Skidelsky (1983, pp. 26–50), although G.E. Moore appropriately occupies an important place in Greer’s story (following Mini 1991). Knight’s midwestern roots in prairie evangelicalism are described well, and the tension between his religious background and his adult skepticism plays a central role in Greer’s discussion of his ethics. In the end, the different ways the two men approach uncertainty depend crucially upon the respective differences in their ethics and social philosophies. Keynes trusts collective decision-making because it avoids the subjectivity of individual knowledge, while Knight trusts individual action because it frees persons to pursue activities they think will be profitable.

Greer concludes with two chapters summarizing the differences between his two authors on the nature and scope of economics, and their differing outlooks on economic policy and the prospects for capitalism. The general level of discussion in these chapters belies the subtitle of the book, because we see very little of the two men’s economics at work. A better subtitle would have been “The Economic Philosophies of Keynes and Knight.” Many economics topics on which the two authors both wrote are not included in the book—the prime example being capital theory.

This tension between Greer's focus on uncertainty and the intention of comparing the economics of two central twentieth-century figures highlights a basic question. Is the coincidence of two authors writing books on related topics in the same year enough to warrant arguing that the entire corpus of the two authors' work can be understood from the vantage of that particular year? We have here two authors whose careers spanned decades, and moved far afield from the concerns that occupied their attention in the 1910s. If we actually want to compare their work, would it not be best to look for as many points at which their paths crossed as possible?

While "uncertainty" seems an obvious meeting place, there are others that may prove useful for the purposes of comparing the two men's economics. Let me provide four examples of other places where Keynes and Knight came close together. All of these examples come from later in their academic careers and do not involve (explicitly) the notion of uncertainty. First, there is the double debate over capital theory during the 1930s: initially between Keynes and F.A. Hayek, and again between Hayek and Knight. The third side of this debating triangle (between Knight and Keynes) was never undertaken, but could be reconstructed. Given the importance of each of their debates with Hayek to the subsequent work of Keynes (especially *The General Theory*) and Knight (see Knight 1935), especially to their ideas on the relation of equilibrium theory to historical change in the real economy, this "location" might provide a good place to stand and compare their work.

The second place one might choose to compare Knight and Keynes would be the 1932 Harris Foundation meeting that took place in Chicago. Ronnie Davis (1971) describes the meeting, and Keynes's participation, in detail. The meeting provides a convenient position from which to examine the economics of Keynes and Knight in interaction because it brought together the early members of the Chicago monetary tradition, American institutionalists (and soon-to-be Keynesians), and Keynes at the mid-point of the Great Depression. Shortly after the meeting, Keynes decided to write *The General Theory*, and Knight's colleagues launched the "Chicago School" with their Chicago Plan (Hart 1935).

Thirdly, one might initiate a comparison of Knight and Keynes from the starting point of Knight's agreement with Oskar Lange in the socialist calculation debate. While Keynes did not explicitly participate in the debate between Lange and Austrian economists, the debate has always provided a convenient place for debate over the relative prospects of capitalism and socialism. Knight's anti-Keynesianism sits uneasily with his agreement with Lange, and an attempt to reconcile these two sides of Knight's work could provide a place from which to compare his work with that of Keynes during the latter part of the 1930s.

Finally, there is Knight's review of Keynes's *The General Theory* (Knight 1937). Amazingly, Greer never mentions this review, missing a chance to examine a direct interaction between the ideas of the two men. The fifth section of that review is entitled "Social Philosophical Implications of the New Theoretical System," which certainly seems to fit Greer's overall theme. Knight concludes, "Mr Keynes ends his . . . volume with a . . . short section on the great power and influence of economists' ideas. Whether this faith is also optimistic or not

depends on one's opinion of the quality of economists' ideas, and whether the faith itself is justifiable is another question" (Knight 1937, p. 363).

Each of the examples described briefly above provides an alternative place from which to compare the economics of Keynes and Knight. Greer might respond that his purpose was to compare the two authors' economic philosophies and that, because uncertainty was central to each man's philosophy, the focus on uncertainty was appropriate. I do not entirely disagree with Greer, but I simply want to point out an obvious problem with his investigation. Whether uncertainty was central to each of their economic philosophies or not, their work met at many points, and a fuller investigation of their interaction would provide a better base upon which to build a comparison of the two men's economics and social philosophies.

Ross B. Emmett
Augustana University College

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Geoffrey C. Harcourt, *50 Years a Keynesian and Other Essays* (Hampshire and New York: Palgrave, 2001) pp.xii, 364, \$69.95, ISBN 0–333–94633–2; *Selected Essays on Economic Policy* (Hampshire and New York: Palgrave, 2001) pp.xvi, 354, \$69.95. ISBN 0 333 94632 4.

These two volumes contain forty-eight of Geoffrey Harcourt's essays. *The Selected Essays on Economic Policy (Selected Essays)* contain virtually all his writings on policy, beginning from the late 1950s. The essays in *50 Years a Keynesian* were all published during the last ten years and the vast majority in the second half of the last decade. It is the intellectual biographies, tributes, and eulogies in this volume that will be of most interest to readers of this *Journal*.

The two volumes tell us much about one of the kindest and most generous souls in the profession. Harcourt is such an affable and social character. He