

Spring 1942

## Lecture Notes on Institutionalism

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**Lecture Notes on Institutionalism**  
**Frank H. Knight**  
**University of Chicago**  
**Spring 1942**

**Notes taken by Hyman P. Minsky**

F. H. Knight  
L. P. ~

## Economics from an Institutional Standpoint:

The Institutional Movement

Refers to 2nd Outline - May 1939

Historically it is similar to the  
German Historical School.

---

Questions:

Classical Supply + demand  
Competitive economics

---

Problem of the Classification of  
the Social Sciences:

Institutional Economics <sup>+ Classical</sup>  
Looking at the same data  
from different points of  
view.



Knight L. P.

- ① Society as an institutional complex
- ② Institutional change

Counterbalance the individualism  
of a traditional approach.

philosophical pluralism: man &  
society belong at the same time to  
a number of different fields of  
discourse. : e.g. man & mass

of matter, an infinitely complex  
mechanism, a chemical mechanism.  
etc.

Man as a human being different  
from the mere physical  
mechanism,

Problems of  
Social Sciences

Knight 1, P3

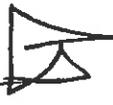
a problem of scope & ~~Method~~

What do you mean by  
Economic Behaviour

Constructive Part:

Some Notion of Society as  
an institutional complex

Sweep of the Evolution of

Economic Society. 

Herbert Heaton:

Economic History of Europe

Notion of the Evolution  
of Economic Life

Meaning of Institutions  
Institutional Evolution

Categories in  
which History  
is written:

Knight & P

History not a chronological  
chronicle of events.

Historiography: Best in  
German. Some in English

Articles in the Encyclopedia of  
the Social Science

Part 1. Cause of Events +  
Causality

Institutional Complex of  
Modern Economic Life ~

Modern Capitalism

~ Modern Economic Life

Understand it as an

institutional complex and

is a historical evolution

Sombart & Weber / Knight, P. 5

Uniqueness of Capitalism as  
an Economic Institution

Civilizations more or less  
alike until you come to  
modern Civilization which is  
different.

Marx's Economic Interpretation

or Weber's Religious Interpretation.

Irreligious Interpretation of History

Modern History isn't religious,  
but this doesn't mean that it  
can be described as Economic.

Modern History <sup>Knight:</sup> motivated by  
Science; the disinterested  
pursuit of truth which is  
something new. Nowhere  
else have you had the  
pursuit of truth untrammelled  
by religion.

The institutional W. Knight 2, P 6  
point of view of  
society and the traditional  
economic point of view.

Traditional economic views  
Society as a collection of markets  
& Man as a purchaser & ~~producer~~ <sup>producer</sup>

Institutional view:

① The <sup>cultural</sup> ~~view~~ <sup>view</sup>: Society  
as a complex of established  
ways of thinking & acting.  
Distinguishes man from  
the brute: Man as the  
bearer of a culture.

Faculty of imitating from 1  
generation to another of  
his actions: not biologically  
inherited but either

traditions  
customs  
institutions | the same  
thing

How far animals  
do have this institutional  
interested pattern? 3

The Institutional Man:

Penny. J.P.E August 1940

The Market is an institution +  
Market behavior is institutional  
behavior.

Traditional Meaning of Institutions  
is antithetical to individualism  
& yet ~~individualism~~  
individualism is  
itself institutional

The Political Man:

Man as a participant  
in group self-determination  
as a participant in a  
democratic society.

Political Man dates from the  
day of the American Revolution.

The liberations of Knight & P  
Consumers +

Intelligences have all  
developed together in the  
transition of medieval  
society to modern civilization

---

Political Man + the  
democratic process +  
legislation:

Legislation the controlling  
+ development of ~~modern~~  
societies own institutions

---

3 views / 3 main corners:

Economic Behavior

1. (Partly Institutional
2. (Interaction of individuals  
individuals trying  
to promote their  
own interests
3. (Politically trying to  
change institutions

Institutions a  
behavior pattern which  
people are unconscious of  
of + also it may be  
something deliberately  
set up.

How far do men take  
the initiative in  
changing institutions.

Language as an ideal  
institution.

Ordinary social usages.

Political Man who becomes  
self conscious + critical  
about his institution +  
tries to do something  
about their evolution.

Difficulty of Manufacturing  
institutions + that is what  
man is trying to do.

Social change:

Krugger, P. 10

Max Weber: General Economic History.

Economics from an institutional point of view ~~which~~ would have to explain the modern economic scheme as a whole.

We know very little about this. The evolution of man +

Bros: General Anthropology

① Long article about the rights & evolution of Man

② Evolution of culture: called prehistoric archaeology: too

Technical

③ S. Zuckerman: Functional Affinities of Man, Monkeys & Apes.

The change of / Knighted, P. 11  
Languages ~~of~~

F. H. Knight:

Economics from the  
Institutional Standpoint

At least 1 or if not 2  
papers

Institutionalism in General

Abraham Harris  
on Reserve

Can't make anything out of it  
Joseph Menge Mayer is a list of  
Social Science & Scientific  
Method.

Annals of Political &  
Social Science  
last issue as we before.

Get into idea of Law.

Development of Evolution of  
Economic institutions practically  
coincident with History of  
Business Law.

F.N.H. 2.2.2

Topic of Science & Action

Exp. Social Science & Social Action

Science, Philosophy & Social  
Procedure - A full issue of  
Ethics. Read

Man is an active animal

x man is passive

man is rational.

Means that he initiates  
action on the basis of  
thinking.

Consciousness associated  
with thought and will.

Problem solving ability of  
man differs from problem  
solving ability of animals.

Man's activity upon inert  
things which do not think  
or act, which do not initiate  
action.

Work toward Social Action -

Start with idea of a  
Cruzoer & his knowledge  
& action acting only upon  
inert action. / Man's relation  
to domestic animals not the

A man as man act toward  
inert objects.

Crude isolated life  
acting only upon inert  
objects which do not act  
upon him.

① There would be  
no such things as  
morality e.g. Crude uses  
all objects to further his own  
desires as tools. None of the  
higher values.

Two meanings of value

- ① comparative of worth
- ② normative

① man as a mechanism  
is not free or rational  
and is not active  
is not an agent.

All which occurs is a  
transformation of energy

Values only as desires  
diverted, idea of all  
its critical aspects

Crusoe would not behold  
to any standards of values

Here taste <sup>is</sup> good taste

Concept of values as desires  
without any questioning of  
their goodness

Notions of Man

1. Mechanical - stimulus  
Response
2. Man with desires  
& thought & effort to  
fulfill them
3. Man as ~~pr~~ critically  
desiring

Critical desires ~~are~~  
to truth no opinion.

Man who takes his desire  
as absolute is similar to  
man who takes his  
opinions as fact

Contradicting is pointing  
that man can believe  
what he knows is  
not true.

Distinction between meaning of  
action & action without  
criticism of desires.

Put two people in the  
world.

~~Interpretation~~

Either they must  
have a 'treaty' & delimit  
their spheres of action  
or they must fight to  
exterminate each other  
either an impassable  
barrier or a society must  
originate.

One of major functions  
law is to delimit the  
spheres of action of the  
members their spheres  
of individualism



V. H. K. L.P.

The practical side of  
life has to have  
rules of the game:

'Man is a cheating animal'

Man is a competitive animal.

Economic man is not  
competitive & is not cooperative.

Economic interest is not  
selfish it is not not selfish.

Competitive & Cooperative interests  
are not Economic as such.

Economic associations as  
purely impersonal transactions

Economic man coldbloodedly  
~~cracked out~~ desires &  
attempts, works, to  
satisfy his desires.

Green's 'The Silent Trade'

The carrying on of  
commerce without ever  
coming in sight of each  
other.

Origins of Commerce.

Mutual Game Robbing

Gifts: Mutual Hospitality  
+ The exchange of gift

De Gifts of Hospitality

Meat of the matter:

Regulated regulation of  
the relations between  
persons of a society: the  
established way of doing  
things  $\equiv$  institutions.

Law is another word for  
institutions: a framework  
in carrying on a  
conversation.

intentional framework  
law over all actions  
which more than one  
man participates in.

Difference between thought  
and action where people  
are involved; psychologically

12/19

+ logical impossibility of  
treating another individual  
as an inert object

Only all out effort of  
extermination would  
contract this

People do have the  
instrumental attitude to  
other people but it is  
not the same thing as  
taking the instrumental  
attitude towards inert  
object

You do not coerce  
inert objects; when you  
use other people you  
coerce them

persuade  
bribe

force  
good fellowship

Modern times instrumental  
attitude is unethical

Humanity always to be  
treated as an <sup>mean</sup> ~~end~~  
rather than as a ~~mean~~ <sup>end</sup>

Play has a different set of rules.

① Instrumental rationality  
[treating other people as a  
tool, as a mechanism]  
the ~~only~~ thing which we  
could call immorality

Morality | largely  
Individual Rationality | ~~inhibited~~

Difference between Medieval Europe  
(which was typical) & Modern  
civilization is unique.

2 set of changes the Renaissance  
& The Age of Reason produced  
the Modern civilization which  
is unique.

Individualism is  
unique & different

F.H.K. L.P.,

Relation between thought and action is the matter of the coming to agreement about rules.

How people come to agreement about rules of action! Not based upon recognized patterns of formal logic!

Rational Man.  
Institutional Man.

Get a Notion of the evolution of the association of individuals

Knight & R  
April 7, 1942

### 3 categories of action

1] mechanical

2] individual - biological

- purposive activity - free + uncaused  
a. end is given.

This term is  
problem solving.  
It is not  
predictable

Economic behavior: problem

regarding procedure  
of realizing end.

problem solving  
directed toward a given  
end, the end is  
not open to  
discussion - it is  
a given.

problem is the  
economy of means.

b. Evaluative

: End Problematic.

distinctions between a & b  
may be only analytical: it  
may not exist: being deliberates  
about ends: two aspects  
of thought are probably  
irreparable. Economic aspect  
purposive aspect to realize an already  
determined end.

- 1) mechanical causal process.  
non-problematic not problem solving
- 2) 'Economic' problem solving as to  
<sup>procedure</sup> procedure toward given  
ends
- 3) ~~Value~~ Evaluation:  
End is Problematic.  
Critical { effort to distinguish  
values concisely.

Impossibility of separating  
means from ends.

{ Religious and Romantic  
views of life.

Religious - ideal - Hindu.

Romantic - the Western view of life

{ This discussion is preliminary  
to the question of Social  
Ends and How they are  
arrived at.

Crusoe would not entitize  
his values: Critical values  
a social process. Would  
not think about ends.  
Economic man: Ends are  
given: I want what I  
want:

Fl. King 1/12/33

Economic man intelligent about the  
pursuit of given ends. Infallibility  
& omniscience is the same as no  
intelligence. Notion of omniscient  
being 'cancels itself out'.

Propriety with respect to an  
individual and with social  
relations given.

Institutions enter where:

Exp. Eff. and Hierarchy.

Mechanical  
Plant? life  
Institutions

tradition  
& custom  
may be  
better  
custom: an  
action pattern  
tradition:  
beliefs

Institutional life: where  
the action patterns are  
not biologically built  
into the human  
organism but pattern  
is

pure institutions  
acquire by unconscious  
self action & without  
teaching

Institutions & customs.

custom: individual acquire  
action pattern of  
preceding generation.

overwhelming characteristic  
of human race.  
not instinctive and  
not inborn

Customary behavior is  
a phenomena of some  
size - of more than  
the natural family  
size.

Three type of society.

1) mechanical societies: the  
termites colony - biologically  
inherited pattern of  
behavior

2) Customary stage: prior to  
the intelligent stage.

Institutional social life.

People do the accepted thing

3) True Deliberative

Modern society: 3

institutions but intelligence

used to question 'criticizing'  
the institutions.

### Human Evolution:

If you read one book  
you think you know a  
lot great deal, if you  
read two you don't know  
anything

The human race did  
not evolve from a  
highly gregarious  
species.

Superimposition of  
sociability onto of intelligence  
Intelligence developed ahead  
of sociability.

Man is by nature anti-social  
but desires the ends  
which sociability can  
give.

1 Knight 2 P<sub>2</sub>

Try to put together a pattern which isn't too obviously false.

Very little social intelligence for a long time: mixture of custom & imitation behavior.

Lack of sexual instincts:  
great physical difference:  
no breeding season:  
physiologically phenomena of sex different.

Sex controlled by custom one of the basis of modern society.

Patterns of dominance amongst animals:  
superordination & subordination established amongst higher animals by fighting  
difference in degree to which it remains fixed.

Knights P<sub>3</sub>

Evolution of speech: know nothing about it. Most primitive languages we know are complex. ①

All we know of historical change in language is a process of degeneration.

Language first as vehicle for the conveyance of emotion. Say rather than of intellectual communication.

If you are going to think about man you have to

as

'how the cutter got that way'

What about religion: Man developed emotionally prior to developing intellectually.

Physical modesty + decency: animals have no trace of it.

Knight L3B

Psychoanalysis will add  
a lot of ill smelling  
theory about it.

all men have some  
trace of it

Man as he became more  
rational became more irrational  
& emotional.

Tomorrow at two

Social problem is  
not a problem of using  
means to achieve a given  
goal.

The real problem of  
social action is deciding  
the problem of ends.

Knighat Ly P.

April 8, 1942

## Idea of Social Action

Not the subject matter of  
the course:

Theoretically pure limiting  
case of an institutional society  
is purely mechanical.

activity - effort & error

process - positive - mechanical.

Actual

Centre - Cour de philosophie positive  
~~mechanical~~

## Customary society

Given part of pattern you can  
infer the end.

dynamic quality to problem  
solving:

Description of a sequence in  
time is prediction.

1 Knight 24 P2

Problem solving nature of human activity.

Instrumental thinking

Sharp contrast between rational social relations + customary relations:

Social relations: take point of view of contract

The whole relation by which two people come into contact with each other is a entirely different phenomena than from manipulation of inert instruments

What Human beings want of each other.

① Use it <sup>them</sup> for our purpose.

Barricade over which people don't cross. May be a clash to define Barricade: Even after war they have to write a treaty

Elaborate constitution and laws implicit in casual conversation:

Cruse + Dussoe may desire to:

- ① delimit sphere of action
- ② Sociability.
- ③ Economic Cooperation

Economic Cooperation many different forms:

- ① ends still individual individual consumption with joint-co-operative production { applied economics relations
- ② joint co-op production a common consumption highway - parts + costs. Consumption as a social unit - no apportionment amongst individuals of the product of joint social

Problem of a free society to establish rules of adhering

Knights 2, P. 4

joint agreement.



Ideal of pure democracy  
best achieved in a  
small discussion group  
where there is a formal  
organization.

Why rules: a rule is a  
commitment to future  
action.

All such thinking regard to  
social action is moral.

When a group talks about what  
ought to be done they are  
talking about what ought to  
be done.

Or  
If a group problem  
unless there is a conflict of  
individual interests.  
predominant common interest  
as to association's decisions  
terms of association. They  
decide what they ought to

Q. What rule will be a better rule.

Method of adjudication is what is discussed

Set up machinery which is of the nature of an impartial decision maker.

Problem of social order is a problem of agreeing about changes in the law  $\approx$  to problem of social control.

involves ① an institutional setup - the body of law -

② negotiation for change in laws.

Customary society first step toward rational thought

Instinct  $\rightarrow$  custom  $\rightarrow$  rebellion against custom  $\rightarrow$  enforcement of custom  $\rightarrow$  replacement of custom by law.

Knight & P

Rationality Inherently  
contradictory

Primitive Law: mob action.  
hue & cry law enforcement.  
in time it becomes to be  
enforced by delegated  
officials:

Law still not made.

Law making something  
different.

Evolution of specialized  
agents for enforcing law.

Enforcing by specialized  
officials.

Law making comes after  
3 specialized agents for  
enforcing the law

One of the very first  
fruits of intelligence is  
the feeling of diminism.

Primitive idea of religion  
that of luck: Signs  
& portents: ways of being lucky.

## Knight of P<sub>1</sub>

next to last stage  
is an Authoritarian state:

Democracy arises as a result  
of the <sup>revolutionary</sup> overthrow of an  
authoritarian ruler

Tyranny: in which it is the  
recognised prerogative of  
a certain authority not only  
to enforce law but to  
make law

Authority a matter of  
customary law.

Early middle ages +  
western Europe a  
matter of authoritarian  
rule + customary  
law: quite primitive.

Development of trade one  
of the main elements  
leading to a higher  
civilization

Development of national state

Knights 24 Ps

## Evolution of our culture

① Primitive.

② Feudalism.

③ National Dynastic State.  
Authoritarian State.

④ Democratization of the  
National State:

French & American Revolution

Representative Democracy

Laws provide for  
legislation, administration  
& judiciary of laws

## Evolution of Economic Institutions

Hamilton - read in Encyclopedia  
of Social Science:

Veblen as an Institutional Economist

Institutional Economics <sup>opposed</sup> ~~is~~  
to classical price theory

History of Business Law

Knight & P,  
April 14/1942

Russell A. Dickson.

Economics & <sup>Social</sup> Institutions

Dickson & Eberhart 1939-

Economics & Social Change

Stage; Underlying <sup>Cultural</sup> Factors  
"Poor Book" Econ Hist

Descriptive Bibliographies  
at end of each section.

Most systematic book:

Muller - Meyer:

Muller - Lyster: ~~The~~ History  
of Social Development  
Survey of Cultural History

New Dickson book:

Take up institutions of  
Everyday Life:

Muskaurn: History of Civil  
Institutions of modern Europe

Thought 23/2

Wattered down of Sombart

Best of Sombart in

The Quintessence of Capitalism

Written between earliest +  
later capitalism

Professing Sapar. on  
Language

Idea of Institutional  
History & change recommends  
the two chapters on  
Language change in  
his book.

Can't explain  
institutional change.

What any country does about  
its language is unplanned  
& unthought.

Knight 153

Institutional change:  
can explain in  
that you can find  
a Law; rules

e.g. the explanation  
of the change of Latin  
into French:

Talk around a few  
very simple ideas

3 Heads

3 fundamental levels  
of stages of behavior

- ① Non Purpose
- ② Purpose: Use of  
means to realize  
given ends.
- ③ Ends subject to  
deliberation: problematic  
ends,  
can put in more  
stage

## Knight 25/4

3 conceptions of human beings as they make up society:

Purposive individual  
Institutional Man  
Political Man

Institutional man essentially a mechanical man: the imitative conditioning response.

But the nature of institutional drift: e.g. room for adjustment & flexibility

Purposive individual:

Political man: when purposive man acts in society and has to make rules deliberately

## Evolution of State Knight & P

- ① State: ① Fighting power.
- ② State the enforcer of law.
- ③

### Economic Man.

Political - Legal - Man.

Man who participates in the making & changing of law.

Institutional man: figure of plant growing in a soil.

Law: that more self-conscious as society comes down through history: People have more awareness of & interest in laws + institutions.

Nothing sacred about a law. only action was to compel obedience by violence.

Critical of institutions & Modern phenomena

## Knight's Po

Institutional problem itself  
unaccountable

Problem of control: The Political  
- legal man is necessary  
a moral man. In any  
objective manner or  
procedure to think about  
Law. All thinking  
about law is normative.

Discussion presupposes  
disagreement - looks toward  
agreement + agreement  
may be better or worse.  
9 your discuss which  
is the best.

Assumed to make a  
difference as to what  
you agree about.

Discussion implies a  
willingness to find the  
better rather than to  
promote their own  
interests.

Can't discuss when  
participants all say  
'I want'.

King Mt & P<sub>2</sub>

People try to say  
more than there is  
to say.

Questions of Ethical & Political  
deliberations: Neither our  
courts nor our legislature  
quote general moral  
principles.

Essential thing: The form  
of social organization  
called free-enterprise  
Ethical principal  
Freedom, ~~the~~  
association, ~~laissez-~~  
laissez-faire.

laissez-faire: general  
phrase of the law letting  
people alone:  
religious laissez-faire.

Church is a voluntary  
association - law doesn't  
tell them what to do.

~~Same~~  
Same with exchange.  
Gov't function to keep  
me from forcing people into

~~Paul~~ (Knight to P8)

exchange they do not want

Peculiarity of Economic cooperation & exchange are quantified - Market organization where people meet to ~~buy~~ make & accept offers. Market; ~~it~~ any bargaining

Formal exchange

Systematized & definitely quantified

Minimum institutionalization of society is this ideal of laissez-faire

Can think of History as an evolution from mechanical, through institutional to the ultimate laissez-faire

Society with no other law but moral law.

Knights 25/9

Mutual consent presupposes  
competition: competition  
in connection with  
market does not mean  
rivalry: competition  
means in connection  
with a market freedom  
of association.

Competition: freedom of  
intercommunication  
& making of bargains.

Freedom from coercion  
except for the moral  
law.

~~~~~

Greater detail in  
looking at history.

History doesn't give any  
answers to questions  
you want answered

Read Max Webers  
General Economic History

[ Knight 25 P. 10

## Nature of Primitive Economic life.

Logical formulation of  
Stages:

### I Handicraft:

Exchange of services or  
product by <sup>individual</sup> people who  
carry on the whole  
process of production.

The Group Production & each  
Production carried on  
by a larger group  
than the family

out { co-operative / private enterprise  
          / cooperative enterprise

co-operatives { partnership  
                  / private enterprise  
                  / group corporate  
                  / enterprise

Institution of the <sup>market</sup> market  
logically first with  
respect to products.

Est. of a free market  
for services & production  
services is a late phenomenon

Knight 25 P. 11

Markets for products; for  
productive services

- 1) Land - leased
- 2) Labor, free
- 3) Capital goods - leased

lease; + loan at interest  
identical

Form of contract by which  
a user gets the  
productive agents  
from ~~the~~ the owner  
is a historical  
institutional accident

History of Human Freedom:

The wage contract  
instead of ownership.

History of free markets  
in Land, Capital.

Complicated by difference  
pts of city & country.

Knigh + d.s.P.

Domestic trade & foreign  
trades:

Institution of foreign  
trade differing  
from domestic trade

History

N.S.B. Gras

Introduction to  
Economic History

~~Historian~~  
Historian

N.S.B. Gras

Introduction to Economic  
History

Knight & P  
April 15, 1942

# Knight & P.

| Form           | Differences      | Integration                     | Size of Social Body                  | Cooperation           | Prod Factor  |
|----------------|------------------|---------------------------------|--------------------------------------|-----------------------|--------------|
| Epochs         |                  |                                 |                                      |                       |              |
| 1 Plan         | 1 Early Class    | 1. Machine Exchange             | 1. Steps between producer & consumer | 1. Individual         | 1. Nature    |
| 2 Organized    | 2 Diff bet sexes | 2. Prof. Subin. Prod. to social | 2. Exchange & concerned              | 2. Social Economy     | 2. Labor     |
| 3 Unorganized  | 3 Diff of men    | 3. Natural Money                | 3. Regular                           | 3. Market             | 3. Transient |
| 4 Organized    | 4 Diff in women  | 4. Money Economy                | 4. Contract                          | 4. Circ. Economy      | 4. Labor     |
| 5 Capitalistic |                  | 5. Credit Economy               | 5. Capitalistic Economy              | 5. Transition Economy |              |
| 6              |                  | 6. Capital Economy              | 6. Capital Economy                   | 6. Social Economy     | 6. Capital   |
| 7              |                  | 7. State Capitalistic           | 7. State Capitalistic Economy        | 7. Social Economy     |              |

Knight & P<sub>2</sub>

Mueller-Lewy  
History of Social  
Development

Gras: 1922 Int to Econ.

History

Collectional

Cultural Nomadic

Settles village

Town

Metropolitan

Gras: 1930 ~ Industrial  
Evolution

Manufacture: 4 phases

Retail Handicraft 2 phases

a. to order

b. chance sale

Wholesale Handicraft

a. Independent: Craftsman

sells to dealer

b. dependent phase:

Craftsman who for Ent.

c.

Knight 2/3

Buiker: 5 stages

Household.

Itinerant Craftsman

putting out

Craftsman

Factory

Egleston: Transitive Civilization

Turner: Role of Frontier in  
American History

The U.S. as a frontier

Stages as a method of  
Classification; you  
cannot ~~have~~ discuss  
society without breaking  
it up into stages [J. H. K.]

The evolution of Frontier:

Eng as Frontier:

Eng got its culture &  
civilization from Germany  
France & Especially  
Italy, Provence, Catalonia

Eng Hist of West Mediterranean

## Knights P.

a transitory of cultures  
from Byzantine & ~~East~~  
Saracens / <sup>East-crusades</sup> ~~North Africa~~  
Spain

Continuity School vs.  
Cyclical school.

References regarding History  
Bauer & Becker: Social  
Thought from Love to Science  
History

The whole idea of progress  
[the primitive approach has  
been the fall & degeneracy of  
man] is a <sup>strange</sup> change  
thing.

Prof Burg: The idea of  
progress an 18<sup>th</sup> century  
creation:

Herodotus & Polybius took  
that all men did  
not have the art &  
for which they possess.  
Modern interpretations of  
European History after the  
decline of classicism

(Knight d 615)

The facts are interpretable  
each way: whether the  
dark ages were <sup>was</sup>  
the death of civilization  
or the continuation of an  
old.

The centrality thought  
applies better to the  
industrial systems where  
the cycle theory holds  
for ~~political institutions~~  
better than for ~~other~~  
industrial institutions

Get acquainted with  
the Manorial system  
of England. Charlemagne &  
the Norman Conquest

Modern civilization  
completely different  
from what has ever  
been before

Modern civilization has  
undertaken to solve  
problems no other civ-  
ilization has undertaken to  
solve before.

Knicht 26 P<sub>6</sub>

History: Some things which I can be pointed out as why things went the way they did

Max Weber: General Economic History

Recognizes complete difference between modern civilization & other things

Why uniqueness of Mod. Civ. has to be explained

Idea of progress as modern & the natural tendency to assume it is so great that we have to look upon it as a certainty.

Test of any theory of History is whether it makes reasonable tenable.

What Weber's Philosophy of History is: Meaning of Accumulated Capitalism

Knight L. P.  
April. 21, 1942

The Outline of "Economic Institutions"

Knight doesn't agree that  
modern society is acquisitive  
& that getting wealth is an

Essence of modern spirit is  
'competition' and 'satisfying  
activity'

Activity - satisfying - not-treadmill  
getting ahead: not necessary  
useful.

Great change in attitude toward  
life: from passive acceptance  
to modern spirit of 'getting  
ahead' - Prestige; prominence,  
cut down golf scores

Goals.

Sport one of great things

Religion  Non-conformism  
a part of modern  
life

## Technology

↓ books about Technology

Arts + crafts handed down  
from Master to Apprentice

Easier for Technique to be  
lost - <sup>an early</sup> <sup>stage</sup> <sup>thing</sup>

Utilization of Men (Masses)

Especially significance of  
transportation

Was: Great importance  
in bringing about  
modern world,

## Science & Magic:

Science is 'analytical'

Distinction between

'analytical' and 'empirical'  
science

Relation between Knight, P3  
Magic + Science

Magin didn't play such  
a large roll in  
Christian - Judea  
tradition

The religious motif +  
The 'economic' motif

What people life for:

People never are without a  
'religion'

Material accomplishment

Esthetic, intellectual religions  
& spiritual -

Economic aspect of activity  
is the 'efficient' use of  
means: the economy of  
means.

## Technology of Religion | Knight L.P.

Does the achievement of religious ends 'operate' efficiently?

Religion is one field in which human beings lie.

God is a spirit & yet they spend all their wealth worshipping it.

---

Facts are antithetical to the pretenses

---

## IV. Organization & Control

---

General Sweep of History  
from Middle Ages:

Foreign trade comes ahead of domestic trade.  
Trade is the great enzyme leading to modern civilization.

Primitive attitude [Knight 1865]  
anti-trade  
& any such thing as  
fair established values.

---

Sea borne trade Piracy

Trade never became  
quite respectable.

Trade respectable in  
U.S.

H. Pierson

American Hist. Review

1917

Historical Epochs in the  
Social History of Capitalism

---

Middle Ages people wanted  
wealth to enjoy.

Modern man a

Romanticist

Knight of P.

Wealth a form of achievement  
a romantic notion of wealth.

Spirit Business from where

Foreign commerce was the  
ferment - transforming agent  
which led from a  
stereotyped culture [perhaps  
a more satisfying life]

Wanting what you get vs.  
getting what you want

Thomas A Kempis to

Chicago

(Epochs + Periods)

Start with Dark Ages:

9<sup>th</sup>, 10<sup>th</sup> & 11<sup>th</sup> stages:

Medieval society more stable -  
~~Was~~ <sup>W</sup>andering trader:

Knight 7, P<sub>1</sub>

Trade was never ritualized & never segregated to a Trading Caste. Medieval society you had the Jews Caesars (played same role as Jews) Near to being a caste.

Law Merchant: Merchants in later Medieval age had own law:  $\approx$  of similar to a separate caste.

With the incorporation of the Law merchant into the common law modern society began D. & K.

~~Summary~~ ~~1111~~

Why did things happen the way they did.

Some of things which did happen: 1) certain fundamental technological improvements which were not European inventions

Max Weber | Knight 2, Pg

Emphasizes the National State

Max Weber Remarks casually  
that there never would have  
been capitalism without the  
Modern National State.

From the church on one  
hand to the individual  
on the other hand,  
individual both

A grandized & diminished  
by the National State.

Family < individual  
Abstract Institutional chaos problems.

Start from where we  
are:

problem: relation between  
the institutions of  
individual, family, State, +  
Some kind of World order

Knight 27 P. 10

Superficial relations between  
individual & state.

The individual in any  
society is a myth.

Call our society

individualistic; it really  
familyistic but it is a  
free family. Man &

Woman select each other  
on non utilitarian  
grounds.

In religious  
communities today the  
family is not a free  
family on romantic  
grounds.

State responsible  
for individual

old family was responsible  
for individual

11/27/11

Trying to get up to the  
dating of a turning point  
around the Reformation

Refall of Constantinople's  
~~was important~~ importance  
was overated

The discovery of America  
was terribly important

French invasion of Italy

The Medic marriages

The Hapsburg Marriages

16<sup>th</sup> Century Beginning

3 remarkable men come  
to the throne. Henry VII of Eng.  
Extinguished  
Feudal Power

Henry VIII of England - Tudor

Francis I of France

Charles } inherited Austrian Dominion  
King of Spain; Elected Emperor.

Sets the stage for 15th night of Piz  
a century of Dynastic Wars

1494 The Invasion of Italy

Can't leave the Church out of it  
& The Medici.

Lucrezia de' Medici

Died in 1492.

Papacy: Alexander VI.

Divided world between  
Portugal + Spain

Had been very much affected  
by the Humanistic renaissance

Rome took the place of

Florence.

Papacy: A temporal power.

Church in Rome took up the

Renaissance lit + Art

Luther: Started that ~~16~~ century  
of wars.

Benvenuto Cellini: Autobiography

Change in Renaissance  
The epoch of Manuelism

18<sup>th</sup> century: Age of  
Reason + Enlightenment.

Late 18<sup>th</sup> century the  
Establishment of Democracy  

---

The Fr. Revolution

plays too great a role in the  
thinking of Historians

English Anxiety of fr.

Revolution:

Civil War.

Glorious Revolution 1688<sup>1689</sup>

Established a Parliamentary

Principle of ~~Government~~

Government.

Thinking as a  
physiological  
function: !??

Knight L & P,  
April 28, 1942

Causality  
in relation to history & reference  
to actions

No instinctive interests.

On part of human: All  
such elaborate behavior  
patterns are institutional.  
Activities by which we realize  
our interests are institutional

Put some sense into  
history - Different from  
~~science into history~~ scientific  
causality: History deals with  
what happened - Science  
tells you what happens if  
as + when it happens.  
e.g. what would happen  
under given conditions.

Historical causality does  
not deal with hypothesis  
deals with a unique  
sequence. e.g. a, b, c  
c happen

Science → inevitability // Knight's P  
Historical events  
non inevitable.

Science  
What is really happening is  
rearrangement of atoms in space

~~What we do to make up  
rearrangement of all~~

all change is movement

Physical causality has  
nothing to do with History

What are we trying to  
explain in History. Inst.  
Economics tries to explain  
people's wants and the  
way they explain the  
satisfy the wants. 2

Inst economics: { wants  
needs  
technology

What you can do to  
explain them: go  
into historical process  
that of institutional  
causality.

Knight 2/23

what people want, know  
and will / content of history  
mental, spiritual  
processes of some  
kind.

Idea of Freedom:  
Meaning of Romanticism

Freedom a scientific  
paradox: Science  
eliminates freedom.

Freedom a contradicting  
reality: Makes freedom  
a Romantic idea.

---

Different meanings  
to Freedom in

Romantic idea  
but many different  
kinds of Romantic  
idea.

Uses of word: Knight & Py  
freedom: not very old  
freedom / not being in jail  
" " a slave  
No freedom in Roman  
empire;

Ye shall know the truth  
and the truth shall  
make you free.

Freedom from life

Freedom of Action:  
as a social added

Course: Human being  
outside of society

Freedom a relation  
between power +  
resistance.

Freedom as an absence  
of interference by other  
people.

Knight & P

Restriction which is obviously  
right & necessary not  
a restriction of freedom

Freedom includes the  
right to have the power to  
act

Movement of liberation: the  
establishment of Human Freedom.

Freedom from custom & authority.

Prescribes a course of action

Right to do as you will with

your own. - Negative Freedom

The only true meaning of Freedom

Freedom from want: Right to  
be relieved from extreme  
destitution by the state

Why didn't people like the  
regime of custom & authority

Until ① Ancient Greece:

Freedom for an Elite

② Modern Capitalism

~~Knights~~ Knight 18/6

From 200 B.C. - Redeemer  
God religions from the  
East: Great Mother Cult.  
Cults from Asia Minor  
Egypt + Greece Mysteries.

All thought the same  
thing: accept the  
universe in Action

Root of whole modern  
point of view: The  
modern world point  
of view is the anthropocentric  
of the religious.

Religion Quatitativ  
conform themselves  
to the condition of  
life.

Technological advance  
has been mainly  
unconscious

Technological change the  
accumulation of imperceptible & unnoted  
technological change, Knight 1817

Took life as it came: Those  
who thought came to this  
conclusion.

Middle ages end of:

Adam Smith: desire  
of men to better  
themselves; improve  
their condition of life:

Never accepted as  
general pattern of  
life, prior to modern  
time:

Idea of Progress is a  
creation of the  
enlightenment. Descartes  
Locke & Rousseau

Different theory of Knights  
History of the  
~~medieval~~ religious theory: Differ  
from modern



Progress & instrumental  
rationality taken for  
granted:

Progress seems inevitable -  
to the modern point of view

All that is necessary is  
that people should  
prefer the better to the  
worse: A theory of History

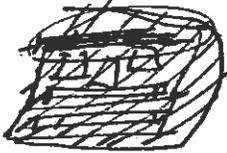
has to explain decadence

When you look at history you  
see the decline & decay  
of societies

Rise & Fall of civilizations

Veblen's Phrase: Knights & Peasants  
Cumulative changes

Was



DARWINISM  
~~DARWINISM~~

Veblen's Darwinism

DARWINISM: FAVORABLE  
VARIATION HAD BETTER  
CHANCE OF SURVIVAL.

VEBLENIISM: TRIES TO EXPLAIN  
HISTORY IN TERMS OF NECESSARY  
PROGRESS + EVOLUTION.

CAN EXPLAIN TECHNOLOGY  
TO A GREAT EXTENT BY  
MEANS OF UNCONSCIOUS  
EVOLUTION

~~CANNOT~~ evaluate human  
institutions + motives  
on basis of survival  
value

MAN IS A DISSATISFIED  
ANIMAL.

MAN SURVIVES IN SPITE  
OF HIS CHARACTERISTIC  
DIFFERENCES FROM THE  
OTHER ANIMALS

Knights L8 Pro

Instrumental intelligence  
on part of men

Man is a destructive animal

Modern economic life

Economic Theory assumes  
economic rationality  
assumes desire to  
maximize returns from  
given J. of resource.

People are interested  
in conformity &  
restrictions

Competitive motive  
will not fit into a  
economic patterns.

Insofar as <sup>economic</sup> ends  
are arbitrary ~~is arbitrary~~  
rationality is blown up

What made modern  
civilization happen?

Knight of P

Modern  
world view comes from  
the 17<sup>th</sup> century on  
with: Modern Capitalism,  
Individualism, Science.

It is an awakening of  
life as re-awakening of  
a continuation of living.

Cannot be rational  
in sense of a foreseen  
result.

Rational activity  
has to include an  
element of surprise

When a society thinks it  
is in a crisis a Romantic  
Movement arises

Romanticism of Rousseau  
was a reaction to Classicism

~~~~~ Knight's P. 12  
What we have in our  
world now is a sad  
exhibition of Romanticism.  
~~~~~

Knight & P.  
May 5, 1942

Term Paper: Get Going:

Institutional Economists

Veblen,

Commons,

Mitchell

Hamilton?

J. M. Clark: Clark is not an institutionalist

F. H. K.

Clark ~ supplants theory  
with institutional trimmings

Anthropological Economics.

Historiographical Economics.

Commons an institutionalist  
in a different sense.

Institution: as the  
unconscious.

creative phenomena

Institution a mechanism  
in Hughes: created  
for purposive

Veblen: Purports to have a theory of history: Veblen as a Manifesto,

Economic life the product of cumulative change.

Mitchell's quantitative economics something else.

Price System: Market Mechanism:  
"Automatic allocation of production through pecuniary demand. State interference operates through the pecuniary process. As long as allocation of resources is not arbitrary then the price system may be said to operate."

Historiographical problem:

Not interested in political process's. Negotiated relationships  
Doesn't feel that there is much to say about it.

Negotiated relations not important

1/Knight 49 13

## mechanics of Social Relationship

Impossibility of Demonstrating  
any thing to anyone who  
doesn't want to believe it.

People don't negotiate agreements  
without any standards: The  
standards in Even life are  
the market.

Productive capacity not  
distributed equally.

Distributes income  
with respect to productive  
capacity.

LEVY TAXES AS  
EQUILIBRIUM

FACTOR IN

MARKET WORLD

Knight 2914

## Distribution of Economic Power vs. Political Power.

Power of any cohesive  
minority is something  
terrible.

March. Econ. Review Supplement:

Public Policy toward  
restraints of Trade by  
Labor organizations



Δ

→ Debs was interfere  
with mails.

Pullman Strike:

R. R. Strike:

Stopped Mail

& believe by

members of

am. of

manufacture

1/ Knight 2, P5

Problem  
Raising

General Reflections.

Professor Vef:  
"Early Industrial  
Revolution in England  
from 1540 to 1640"

J.P.E. June } 1936  
August }  
Oct }

The Classic on Background.

Mantoux Mantoux.

The Industrial Revolution in  
England in 19<sup>th</sup> century.

Chth of Agriculture

Preparatory changes Pt I.

Mantoux doesn't go  
into general cultural  
changes.

Knigh 29 P6

Doesn't go into role of  
Commerce as a ferment.

Roots of Modern Business  
corporations

Involves 2 main  
things

① Associations with  
transferable  
fractional ownership

② Existence of a  
corporation as an  
individual before  
the law.

The issue of  
interest bearing  
securities.

Maitland: Traces history of  
Corporations of Trusteeship.

Modern corporations grew  
out of Regulated Company.  
English East India Company.  
Regulated Company 1600 &  
combination of individual  
traders

Company began to trade for  
the companies

Knight 1917

Early efforts at Company  
trade were a mess.  
1620. Gradually abolished  
individual trading.

Greek: Andronikos:

Account of the Bubble.  
1720

South Sea Company: Crash +  
Turn: Parliament clamped  
down on charting  
companies ~~and~~ especially  
the limited liability clause.  
Eng didn't grant  
limited liability again  
till after civil war.

Limited Company.  
(Incorporated)

Special charting vs.  
general charting  
provisions

[Knight 29/8

## History of corporations:

### The Anti-Trust Period

Common law of companies in England did not allow one company to own stock in another.

Trusteeship

Trusteeship ~~patterned~~  
outlawed by Supreme Court

New Jersey's Holding Company provision

Delaware came out on top. Most of more or less shady companies are Delaware corporations

Competition between states

Knock out old provisions

Make it possible for corp.

to write their own laws

Talk about Federal Incorporation across the states

Minsky

Hyman P. Minsky

4 Knight 29 P10

Religion & the Origin of  
'Walker' - 4 or 5 years ago  
Econ. Hist Review.  
Refers to 4 or 5 books.

Read Veblen's 'Imperial  
Germany & Industrial Revolution'

Tawney 3 articles in J. P. E.  
around 1926  
| Religion & Econ. in  
| England in 17<sup>th</sup> cent.

Knight 210 P.  
May 12, 1942

The Age of the Tuggers: A great  
banking family.

Tuggers: South Germans.

14<sup>th</sup> Century: Florentine Banker.  
Lombards North Italy.

South Germany  
Low Countries  
England

Capital & Finance in the Age of  
the Renaissance:

Deals with the  
continent: South  
Germany.

Book 2: development of the  
exchanges. A

One of objectives: A  
picture of transition  
from Medieval Europe  
to Modern Era: which  
is unique.

~~Knights~~ Knight & Pz

Juggers: Made money from  
state finance & operating  
concessions

Mining & Shipping tie  
in with the  
technological revolution

Shipping Venetian's  
improvement

Venice a great shipyard

Transition from wood to  
coal & iron: Heart of  
the technological revolution  
which = industrial  
revolution.

Transition from organic  
to inorganic world.

Organization of work:  
The revolutionary

change in the organization  
of work came before  
the 18<sup>th</sup> century

The Enterprise economy:  
Entrepreneur = central role

Wright d. 13

Wage systems in contrast  
with a handicraft  
system the independent  
producer.

Really no more  
independent than now

Domestic system.  
Putting out systems.  
Not factory systems.

Revolution in organization  
is  $\equiv$  to technological  
revolution.

The entrepreneur economy  
is the revolution in  
organization.

Talking about industry.

1) Changes in agriculture  
agriculture organized in  
sizeable units - larger  
units than now.

Work system was  $\odot$  serfdom  
a rigid status relation.

$\odot$  became  
a wage system.

## Tradition of Free Towns

Town air makes free

Towns were dominantly free: didn't work in agriculture

Manorial life transformed from a serf-system to a wage system:

England by end of 16<sup>th</sup> Century  
serfdom was practically gone.

In ~~the~~<sup>200</sup> years from Black Death to Elizabeth's reign the serfdom system

~~From~~ Free commerce in land. General rule was Entails till end of Middle Ages but it wasn't a universally followed phenomenon.

Free use & rental of land was necessary to entrepreneur function

Knight d 10 15 1  
~~1111~~ III 1111 P

## Capital & Interest

Lending at interest is not essential to modern organization  
≡ lease or rental of real property.

Through historical development of modern world lending at interest is essential.

Loans replaced by lease.

~~Speculative~~ aspect of arrangement.

Anticipation reg. future value of land.

Industrial property the mining of capital goods becomes an important phenomenon

## History of Development of Capital Market.

Middle ages the question of interest unthought to very little.

Wasn't any serious critics against it.

there were 3 or 4 centuries when it was controversial

Broke down to the Protestant Reformation

Taurey's int. to Thomas Wilson's discourse on Usury. Trans controversy on interest taking.

Usury laws never enforced effectively in Italy.

Church Borrowing + lending of money

Eng.: First formal act of Parliament legalizing interest <sup>about</sup> 1548 - about same time in France.

Knights 10h

Elizabeth: Slightly repealed  
usury laws.

Dutch: established  
secure credit.

Connection in which  
money lending developed  
was an incident  
in the development  
of capital: Connection  
with foreign trade.

Evasion of usury laws.

Period of the Renaissance  
called the Commercial  
Revolution:

Eng. after confiscation  
of monasteries there was  
a development of trade.

Putting out system of  
organization: Developed  
in Eng. ~~with~~ in connection  
with textiles but also  
in leather & iron.

Contract on a great  
variety of terms.

Developed chiefly in  
country & villages.

Town craftsmans tight

# Industrial organization of Towns: Rhenish Medieval Town

Early Towns first

developed as ① trading  
centers or ② political  
or religious centers.  
(military)

Sombart claims  
religious, political &  
military factors  
important in early  
history of towns.

Some developed in  
early times:

Town military post  
religious center  
political capital

trading center  
industrial center  
first industries those  
needed by traveling  
merchants.

Specialties & know-how of  
the ~~merchants~~ workers  
important.

Knights & Pi

## Industrial e.g. Technological Revolutions:

Technical inventions go  
back to middle ages  
Many introduced from  
east. Gunpowder  
Printing, paper, navigation  
Arabic notations:

Early 13<sup>th</sup> century  
Crusades; Conquest  
of Constantinople  
Venice 13<sup>th</sup>  
Turks 15<sup>th</sup>

2. Root of Social Attitudes  
Commercial interest  
Intellectual interest  
Geographical interest etc.  
~~Interest in~~

Increased use of iron.  
Cutting of logs to make  
charcoal. Tried to use  
coal.

People interested in  
making money +  
doing things. Use  
coal for fuel etc

Knights & Kie

Pumping water out  
of coal mines:  
Steam pumps  
fire pumps

Coking coal  
Development of  
metallurgy before  
people knew anything  
about chemistry.  
They didn't know  
what was happening

Ancients didn't have any  
soap

Steam engine develops  
slowly

Early Industrial revolution  
developed on basis of  
water power

(Waker: History of Mechanical  
Invention)

Development of Machine Tool  
Invention of Interchangeable  
parts - Eli Whitney

Knight 2.10 P.13

Brown: American Machine  
Builders

Craftsmanship vs machine  
production.

Tool Capital

Sombart & where capital  
came from to finance  
the enormous q. of  
experimental work

Sombart had theory that the  
capital came from  
Taxes & revenue from  
land. That it was  
not primarily profit

England it was ① confiscation  
of Monasteries ② Industry  
was financed out  
of profits

Arkwright  
was most successful  
builders of spinning  
machines. Was not  
an inventor at all.  
His patents were finally  
invalidated

Industry developed on basis of distant trade; Tribute not exchange relations between towns + countries.

Putting out industry

Towns went through a commercial period which preceded manufact. Merchant guild included everybody - M. guilds split up into craft guilds which were specialized Trade organizations

Many craft guilds were traders.

Towns as they developed the trading guilds tended to become dominant over ~~and~~ production.

Early craft guilds were traders + producers of goods

later the craft guilds specialized between producers + marketers

1711/12/13/14/15/16/17/18

The Guild Wars: Traders  
became dominant.

Trade easier concentrated  
in London +  
centralized control.

Marketing sections got  
rich: Craftsmen  
didn't. There actually  
were bloody clothes!

England

12 great companies:

The Livery Companies

Guilds split 3 ways.

1 Livery Companies

2 Employers.

3 Employee's

Craftsmen

apprentices - regulating

apprentices: biggest

% of apprentices never  
became masters.

After industry had  
gone out they got statutory  
regulations:

J. P. E. Dec 1940. Allen & Zuehlke

Article on John R. Commons  
Concept of 20<sup>th</sup> century economics

Refers to + is based upon  
article in Journal of Sociology  
1939

20<sup>th</sup> century Economics:

J. R. Commons

Journal of Social Philosophy 1939

Journal of Social Philosophy

Oct 1935 1935. Place of Economics

4

J. R. Commons

1st issue or Volume

Commons: scarcity

Read Some Commons

willingness concept

of Knight:

Sovereignty - Gov't.

Working Rules - Association  
+ other rules

Economic Theory: A concept  
which has a meaning.

✓ Knight & Co. 2

Man's Body + Man's Behavior  
Man's Culture + " "

Brauerovsky Oct 1941

Journal Not in Library

Both were lectures at some  
symposium: Science Versus  
Man: March 1941

Social Research:

Karl Myer: Intellectual  
Origins of National Socialism

~~Postmodernism~~

Luther's Theology Among Say  
F.H.K.  
German Romanticism  
German Ideological Philosophy  
Nietzsche

Theology + History: Theology  
hasn't any real influence  
in Western History.  
Perhaps in India.  
Hobbes:

(Print on Language or  
some other interest)

# Knight 123

A Hindu attempt to  
escape life

| Life is an Evil.

Lutheran Theology: can't  
get anyone to say  
anything about it  
without my bias.

| A argument which is  
one prejudice against  
another.

To begin with Luther was  
an individualist / Never  
really believed it. He  
believed in The Church.  
Catholic View: Church is  
the intermediary  
between God & Man.

Luther to get banking tied  
up the state & church

Find the premises to justify  
the conclusion

| Knight L.P.

Journal of History of Ideas:  
3 articles on Causality  
in History January 1942

~~Journal of History of Ideas~~

Journal of Ethics April 1942.

F.H. Knight.

Philosophical Basis of Democracy

S. Hook.

(Northrup: Dept of Philosophy at Yale.

Prof at U.C.L.A.

The Decline of Liberalism

Liberalism

View of History:

Liberalism is one aspect of  
a Sociological Environment

No differentiation between  
Independent + Dependent  
variables.

Individualism:

Liberalism is a name rather  
than something different

Knights 12/15

Distinction Between  
Cause & effect come out  
with an Economic  
interpretation.

Can you say some of factors  
in Historical change are  
causal.

Trading - Commercial interests  
& pure intellectual interests  
go back beyond Crusades

Go back to a customary  
Society: Individualism  
is a conflict: A difference  
of opinion: Antithesis  
is where everyone  
accepts his position  
Status.

Didn't really have a <sup>complete</sup> status  
Society in Eng.

Get interested in things.  
Changes occur.

Travel breaking up the  
crust of custom

1/11 night 12 P6

Italian interests in  
Crusades was Commercial

Real beginning of  
Colonizing movement in  
Europe started with  
Crusades: Venetians +  
Genoese.

Commercial interests

Intellectual Curiosity  
Geography  
Astronomy for navigation

They all tie together: How  
can you separate  
independent + dependent  
variables.

Gunpowder: Printing Press  
had ideas western  
didn't have

Interactive: Reaction  
Cumulative change.

One element is not a  
product + other is  
not a product

# Knights P7

U.C.L.A.'s Article: Journal of Ethics  
Reasons why liberalism is  
on its way out.

Factors contributing to  
liberalism's decline:

Influx of Positivism:  
Belief in Autonomous individual  
Undermined by the scientific  
interpretation of Human  
Nature: <sup>behavior</sup>

Decline of individualism  
in social relations.

3 school of psych } interpretation  
of Human  
Behavior.

Behaviorism: Man a machine

Psycho. Analysis: Mind myst. machine

Cultural Determinism: Socially

<sup>Environment</sup> Mechanism Determined individual

Psycho-Physical Parallelism

Hutch Adler Positionism is the  
bogey which is going to  
eat us all up.

F.N.K) Skeptical regarding Creeds

~~117~~

Knights 12 P8

All interpretations of History are denied & nullified by people who advocate them.

Mechanical Process.

Belief in positivism may make people discouraged etc. but people don't act that way.

People don't believe ~~they~~ <sup>what</sup> they say they do

Growth of positivism.

Gradual disappearance of individual autonomy in Social-Economic life.

Modern Civilization a more integrated mechanical organism.

Increasing productive efficiency

Decline in organized systems:

Bad Times:

1st things weren't thought about & known about till

Wright dir 19

the economic depression  
of the 30's

Best of the paper is an  
elaboration of those ideas.  
He is talking around  
somewhere near a  
point. as F. N. K. sees  
it.

Last section on Germany &  
National Socialism

Historical Causality:

3 Articles in  
J. of Hist of Ideas.  
1942

Read Thoughtfully.

Social data are not  
physical facts.

Cannot manipulate  
them successfully.

Articles state many  
common places.

Knights & P.

Repetitiveness of History:  
event is like  
another: only  
slightly different.

one  
what is a process, a  
course of events, the  
other is things behaving

Causality:  $y = f(x)$

Way things behave  
under given conditions.

Blamed Aristotle for  
thingizing experience.

Aristotelian logic classifies  
things.

Causality as a stream  
measured by magnitude

q

$$q = \delta(p)^p$$

what is behaving: people  
curves of demand explains how

Knights & P.

people behave:

Philosophic ask  
in what sense  
there is causality  
in History.

Do not think of  
people behaving:  
Are thinking in  
terms of mathematical  
behavior.

Linguistics is the most  
intellectually satisfying of  
the sciences)

Can detach from human  
beings + find laws of  
its subject matters  
behavior.

Cannot separate political  
History from people  
behaving.

New History tried to  
write history of ideas in  
institutions, ideas  
& etc.

Knights, P.

History tied up with  
people I know  
concept of  
causality.

~~No question of causality.~~

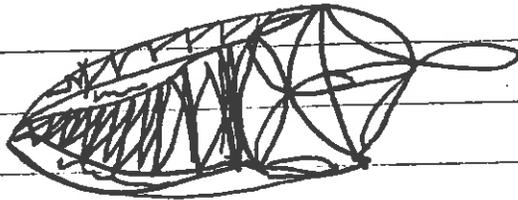
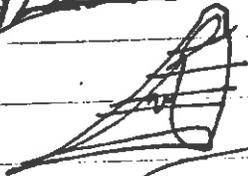
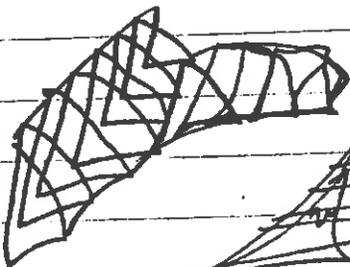
Attempts to find a  
pattern - sequence of  
events.

~~R~~

Harper May 1937.



Bernard DeVoto in  
The Easy Chair



Suggested Term paper

F. H. Knight. - Exam 305

Property and the problem  
of Freedom.

18<sup>th</sup> / + 19<sup>th</sup> / Cent. Liberalism

What did they think  
How far were they right

Classical Economist

Both J. S. & James Mill

Spencer - Ethics

Bentham -