The notion that governance in a democratic society can be characterized as discussion is traceable at least as far back as the work of nineteenth century classical liberals John Stuart Mill and Walter Bagehot (1872; Mill 1859). Indeed, it was Bagehot who first used the expression “government by discussion,” albeit in the specific context of parliamentary democracy. For Bagehot, open discussion among the public about political issues meant that public opinion could function as a check on parliamentary democracy. On the other hand, another nineteenth century British classical liberal, James Bryce (1889), who visited the United States to examine our democracy, changed Bagehot’s phrase to “government by public opinion,” to suggest that democratically elected Congressional members catered too much to the public’s whims and fancies.

Among twentieth century inheritors of the classical liberal mantle in the United States, the notion that democracy could be understood as “government by discussion” is found most prominently in the work of Frank H. Knight (1885-1972) and James M. Buchanan (1919-2013). Knight explicitly (but wrongly) identifies Bryce as the source of the expression, and as we’ll see, Buchanan’s use has its origins in his interactions with Knight, who was his professor at the University of Chicago in the 1940s. The purpose of the paper is to compare Knight and Buchanan’s use of the expression “democracy is government by discussion.” But we will begin with an examination of when the expression “government by discussion” first appeared in each of their works.
First Uses of “Government by Discussion” by Knight and Buchanan

On the morning of Friday, December 28, 1934, Frank Knight participated in a round table session on the topic of “Nationalism” at the annual American Economic Association meeting, held that year in Knight’s hometown of Chicago, Illinois. The title of his paper does not appear in the program, but in 1935 when it was published as the concluding essay in *The Ethics of Competition and Other Essays*, the title was “Economic Theory and Nationalism” (Knight 1935a).\(^1\) Despite earlier commentary in his work regarding consensus, discussion, argument, persuasion and agreement in social decision-making, it is in this essay that he first uses the phrase we are interested in:

[Democracy] should be considered in the ideal sense … where decisions would represent a consensus or near-consensus reached through deliberation and discussion in intellectual and moral terms among the individual members of a group. The process, of course, implies the reality of individual deliberation and free choice, and requires in addition a social process of discussion leading to agreement, which is perhaps even more mysterious ….

The close relationship thus established between social choice and the effort to realize norms or values … will be apparent…. Democracy, which has been defined as “government by discussion,” must rest on an accepted common system of ethical principles…. However individualistic a society may be, this is still true. (Knight 1935a, 334, emphasis added)

For our purposes, it is important to recognize that Knight was already established as both a defender of free competition, and a critic of narrowly defined conceptions of rationality outside of the context of pure competition theory. The basic principles of economic theory, built on the

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\(^1\) The fourth and final section of the paper, entitled “Social Science and Social Action,” was also published separately in 1935 in the *International Journal of Ethics*, now simply known as *Ethics* (Knight 1935c).
assumption that preferences were stable, were essential to understand the functioning of markets. But outside that realm, the assumption that preferences were stable or un-changing was unrealistic: “life is at bottom an exploration in the field of values” (Knight 1924, 229). His famous two-part lecture series at Harvard University, published as the first two essays in *The Ethics of Competition and Other Essays* under the general heading “The Ethics of Competition,” had criticized *both* attempts to reduce human wants and desires to scientific data, *and* efforts to expand the scope of pure competition theory outside what Knight considered the strict boundaries of pure competition (Knight 1935b; 1935d). In real life, Knight argued, what individuals want is not maximization of known wants and values, but “more and *better* wants” (Knight 1935b, 22, emphasis in original). They constantly discuss, argue, and try to persuade each other about what wants and values to pursue. The inherent instability and searching quality of human values necessarily escapes economic and scientific explanation. At this early stage in our examination, we can see already that “discussion,” for Knight is something other than maximization or even rationalization of given values and wants. It is a social and political process of valuation, not individualistic, despite the implicit acknowledgement that the discussants may reach different decisions about the values they choose to hold and the institutions they participate in creating.

Jim Buchanan arrived at the University of Chicago eleven years later as a graduate student in economics. In the spring quarter of 1946, Buchanan took Henry Simons’ “Economics of Fiscal Policy” course, and was, therefore, one of Simons’ last students (he died that June). In the summer quarter of 1946, Buchanan took Knight’s “Price and Distribution Theory” (EC 301). Although Simons probably inspired Buchanan’s choice of primary field, it was of course, given Simons’ death, the older Roy Blough who supervised his dissertation on public finance. When
Bough proved unable to assist Buchanan much, Knight became the unofficial supervisor and served on the examining committee. Buchanan’s first usage of the expression “democracy is government by discussion” occurs in 1954, in the context of his criticism of Ken Arrow’s *Social Choice and Individual Values* (Arrow 1951). In his essay “Social Choice, Democracy and Free Markets,” Buchanan’s features the expression as part of his third criticism of Arrow’s framework:

The definition of democracy as “government by discussion” implies that individual values can and do change in the process of decision-making. Men must be free to choose, and they must maintain an open mind if the democratic mechanism is to work at all. If individual values in the Arrow sense of orderings of all social alternatives are unchanging, discussion becomes meaningless. And the discussion must be considered as encompassing more than the activity prior to the initial vote. The whole period of activity during which temporary majority decisions are reached and reversed, new compromises appear and are approved or overthrown, must be considered as one of genuine discussion.

In a very real sense collective choice cannot be considered as being reached by voting until relatively unanimous agreement is reached. In so far as the attainment of such consensus is impossible, it is preferable that the actual choice process display possible inconsistency to guaranteed consistency. The molding and solidifying of individual values into fixed ordering relations sufficient to make ordinary majority voting fit the Arrow conditions for consistency would mean the replacement of accepted democratic process by something clearly less desirable. (Buchanan 1954, 120)

The context in which Buchanan sets his first use of our expression about democracy sounds similar to Knight’s – “individual values can and do change in the process of decision-making,” but Buchanan understanding of that context has a different
referent. Individuals are at the heart of his usage: choosing their values, making up their mind, agreeing, and eventually voting. Knight’s discussants are not as autonomous as Buchanan’s. We will come to see this as a fundamental difference between the two.

**Frank H. Knight on Democracy as Discussion**

From his earliest writings, Knight’s concerns always escaped the boundaries of a narrowly defined notion of what an economist might write about. But after the 1930s, economics took the back seat in his work to other concerns, especially political and social philosophical issues. His last major published article in economic theory appeared in 1944, by which time he was immersed in preparation for *The Economic Order and Religion* (Knight and Merriam 1945) and had already written many of the articles that were collected in *Freedom & Reform* (Knight 1947). In 1945, Knight gave a set of lectures at Pacific University in Forest Grove, Oregon on behalf of Alex Hillman, a former Knight student who had become a benefactor of the school. Knight’s Hillman lectures were framed by the title “Freedom and Power in the Social Order,” and laid out a three-fold division of study for the future of liberalism. From 1945 until his death, this three-fold division – of economics, politics, and social philosophy – framed his work. Naturally, then, these themes also provided the frame for the set of lectures Knight gave at The University of Virginia as the inaugural visiting fellow of the Thomas Jefferson Center for the Study of Political Economy in 1958. Knight visited at Buchanan’s request. The younger scholar had the foresight to record the lectures and to arrange for their publication (Knight 1960).

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2 Alex Hillman had been a student of Knight’s at the University of Chicago and was a benefactor of Pacific University. An example of a book that appeared from the Hillman lectureship is Hall (1949). A complete genealogy of Knight’s various attempts to publish a book for Pacific University are detailed in the appendix to Emmett (2011). The three Pacific University lectures Knight delivered were: I. Social Health and Disease; II. Economic Individualism and the Good Life; and III. Freedom, Authority, and Power. Along with a set of introductory comments, the manuscripts of the three lectures are in the Frank Knight Papers, Box 24, Folders 17, 19-23 (Special Collections Research Center, The University of Chicago Library), and total 189 manuscript pages.
From Pacific University to UVA, Knight’s lectures and essays emphasized three themes essential to the health of a liberal society. The first requirement was a general appreciation for the basic economic principles of a free market economy, but also an understanding of their limitations as direct guides to action. Secondly, the benefits and limitations of political solutions to social problems needed to be appreciated. Democratic action was essentially government by discussion, which meant that all social action had an exploratory nature, both in terms of values to be pursued and means to use. Hence, democratic discussion also faced the potential for persuasion, fraudulent speech and salesmanship. Finally, a free society required free and responsible individuals. A new liberalism needed a new conception of the ethics of freedom. Previous ethical systems generally appealed to some kind of moral authority—natural law, divine revelation, an emperor, etc.—and were, therefore, all inadequate to the needs of a liberal society. Knight’s concern about how moral authority developed also led him to be concerned about family decisions regarding child-bearing, child-rearing, and the family’s role as a social institution.

The threefold division of economics, politics and social philosophy became the organizing structure of Knight’s theory of liberalism. A key feature present throughout this work was the fact that, in his lifetime, the foundations of classical liberalism had been torn asunder. Classical liberalism had seen the economic realm as that of the market, and the political realm as the association of free individuals in civil society. For the classical liberal, the greatest economic danger was the intrusion of statesmen into the operation of the market; the greatest political danger was majority tyranny. While the classical liberal was an individualist, the individual he saw in both the economic and political realms was a person with a richly textured cultural history, whose self-love was tempered by well-established social and religious norms, as well as
political traditions, to consider the welfare of others as well as himself. Whether via natural law or a Humean/Smithian moral philosophy of the impartial spectator, the morality of the individual in a classical liberal society was one and the same with their participation in the economic and political realms.

In shaping a new liberalism, Knight believed we could not go backwards to the sureties of the classical liberal world. In Knight’s estimation, the greatest economic danger appeared to be domestic accruals of political and economic power by concentrated wealth, rather than socialism per se. Concentrations of power also pointed to the greatest political danger, the decline of equality and liberty as the foundation of democratic society. With the tired old European verities of church, state and social norms expiring in the fires of the two world wars, morality was unhinged; rampant individualism suggested no universal standards and perhaps even no place for ethics. Concentrated economic power would also undermine entrepreneurial activity, and seek to substitute known processes for the openness to uncertainty which encouraged entrepreneurial judgment.

It is the ethical realm that marks Knight’s liberalism from classical liberalism the most. While the effects are felt elsewhere as well, Knight’s separation of ethics from both the market and politics is a modern move made necessary by the uncoupling of morality from its traditional moorings in religion and natural law.\(^3\) While he thought liberalism’s traditional moral moorings unsound, he realized that without a strong ethical base, liberalism could easily descend into anarchy or perpetual power struggles (Knight 1946) (Knight [1946] 1999). Thus, the mere

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\(^3\) One might have expected Knight to retreat into utilitarianism, like some of his eighteenth-century precursors. But, while utilitarianism was not as great a folly to him as Christian ethics or some form of idealism, it held no appeal. The key to his rejection of utilitarianism lies in his appreciation of the necessity of independent standards as guides for ethics as well as aesthetics. Bentham’s claim that pushpin was a good as poetry was as abhorrent to Knight as the notion that a bowl of gruel was as good as a bottle of claret (see Knight [1939] 1999).
division of the economic from the political was not enough. Knight argued that liberal society needed a separate, independent approach to ethics. But again, the naked public square with no moral foundation opened the door to coercion, arbitrary standards, appeals to authority, nihilism, and narcissism.

In Knight’s analysis, then, each of liberal society’s three realms had both its benefits and its threats. Unlike many of the inheritors of the classical liberal mantle, who focus on the benefits derived from the mutually re-enforcing set of free choice, markets and limited government, Knight often focused on the amplification of the destructive power of each realm’s limitations by the operation, even when beneficial, of the other realms. Thus, discussion was undermined by the increased economic inequality that Knight argued was endemic to markets with industrial concentrations, even though the market in the long run would undermine those concentrations. Blind adherence to a specific set of ethical principles (whether it be freedom, love, equality, or social justice) without consideration of their impact on other principles, could destabilize social discussion and wreck long-term harm if enshrined in law (Knight [1951] 1999). Entrepreneurial judgment was an integral part of a dynamic market economy, but while the “play” element inherent in such judgment might reinforce the exploratory nature of ethical behavior, it might also undermine our ability to recognize “better” choices, leaving us endlessly chasing ephemera.

For Knight, any society was constantly caught between its history—traditions, laws, economic organization, etc.—and its future. Liberalism had been a call to the future: to breaking law as much as making it, to the ceaseless uncertainty of an entrepreneurial world, and to the rejection of moral authorities in favor of personal judgment. Modern society needed a liberalism that could balance the past and the present, without shutting down openness to the future. It is
perhaps appropriate, then, that Knight himself could never finish his own project of articulating what such a liberalism would look like.

With that brief look at Knight’s liberalism in hand, we can now turn to the task of sorting out what Knight meant when he used Bagehot’s description of democracy as “government by discussion.” In order to do this, we will need to look at discussion in two different ways. First, we will examine the nature of discussion and its function in democratic society. Secondly, we will look at Knight’s view of how people actually behave in discussion. In a sense, we will first look at Knight’s ideal of democracy, and then at his view of democracy in practice.

*Discussion: The Quest for Rational Norms*

If the liberal approach to the economic realm is free participation in mutually beneficial exchanges, one is not surprised to find that the liberal approach to the political realm is free association in civil society. For all classical liberals, free association implied discussion – incessant talk about politics. It was hoped that all that talk would produce decisions that reflected the general will of the people, although after Condorcet it was apparent that this was an ideal that would seldom if ever be reached in practice. For the most part, liberals settled for constitutions that ensured, via various means, that political actions were decided by processes that gave no one person more than one vote. Classical liberals argued that the closer practice came to the ideal, the more likely it was that political action would not abuse the coercive power of the state for the benefit of majorities or concentrations of power.

Knight shared the classical liberal view of free association and discussion, but his defense of democracy included three emphases that appear to distinguish him both from the classical liberals of old as well as others of his own time. The first was the primacy he gave to discussion
as a social exploration in the field of value. The first economic function of any society, Knight said back in the first chapter of *The Economic Organization*, “has to be a social decision as to the relative importance of different uses of productive power, as to which wants are to be satisfied and which left unsatisfied or to what extent any one is to be satisfied at the expense of any other” (Knight 1951, p. 8). In the economic realm, the price mechanism coordinates that decision for us. In the political realm, it is coordinated via discussion. Discussion is a political valuation process.

When an economist says that something is a valuation process, she usually means that some mechanism—prices or voting, for example—coordinates available resources and our given wants and desires. When Knight said that something was a valuation process, he always meant more than coordinating given resources with given preferences. On the resource side, the “more” opened the door to innovation and entrepreneurship; interesting topics that Knight believed were exogenous in neoclassical price theory. But aside from his comments on the “entrepreneur function” in *Risk, Uncertainty, and Profit* (see Emmett 2011), Knight does not say too much about those topics. It was on the preference side that Knight often explored what “more” there was to human action. A refrain he reiterated often is first found in his 1922 essay “Ethics and the Economic Interpretation”:

> Wants, it is suggested, not only are unstable, changeable in response to all sorts of influences, but it is their essential nature to change and grow; it is an inherent necessity in them. The chief thing which the common-sense individual actually wants is not satisfaction for the wants which he has, but more, and better wants. (Knight 1935d)

The thing is, one only comes to know what better wants are by pursuing them. That is, they do not exist “out there” as a thing to be discovered, but rather are recognized as one engages in
human action. Put differently, and in a way that turns out to be important when we turn to social action, what wants are better for the individual cannot be known by an expert or some other person. They only come to be known by the person in action.

If individual action could, at its root, be understood as an exploration of our wants and values, social action could be understood in the same terms. For Knight, discussion was the means by which we as a polity explore our collective preferences. But once again, this is not a discovery process; the correct values for a society do not exist outside the context of social action. And social action is accomplished by discussion. The discussion cannot have a pre-ordained conclusion, otherwise, it is not a true discussion.

Democracy and Freedom

The second emphasis in Knight’s defense of democracy is his equating of freedom with democracy. Some of Knight’s liberal contemporaries were beginning to argue that the spirit of equality that is frequently associated with democracy was a potential threat to freedom, which was a greater political virtue. Put differently, whereas classical liberals had seen democracy largely as a check on the abuse of political coercion, post-war liberals often saw it as expanding the potential for political coercion. Classical liberals had seen discussion as well as cultural mores as a check on political coercion. Post-war liberals thought discussion descended into vote-seeking, and, hence, sought limitations to the potential scope of political coercion. The promotion of free trade and market-based solutions was obviously one means by which they sought to limit the coercive powers of the state, but the rise of public choice and constitutional political economy were also.
Knight came at the same issues from a different angle. Like the classical liberals, he continued to defend free market principles; indeed, he taught them to many of the post-war liberals. But unlike both classical and other post-war liberals, Knight followed progressive thinkers in more clearly aligning freedom with democracy. The argument was reasonably simple: if the opposite of free choice in the economic realm is coercion, then the opposite of free expression in the political realm is also coercion. However, rather than seeing the analog of the price mechanism in the economic realm as elections and voting in the political realm, Knight saw it as discussion. Rather than one person, one vote, Knight argued for something like one person, one opportunity to speak. That is, if democracy is government by discussion, then no one should control the discussion more than any other.

The third thing that distinguishes Knight’s conception of discussion from other liberals emerges from his notion that discussion is a valuation process. Classical liberals accepted the natural law tradition that rendered certain moral precepts rational. Other post-war liberals abandoned moral foundations altogether, made all choice a function of individual preferences and constraints, and collapsed all discussion into rent-seeking behavior. Knight argued that discussion was not only a means by which we sought to satisfy existing collective values, but also one by which we explored what values our society could and should have. In the social realm, such discussion usually took the form of debate over what norms for governing behavior ought to be inculcated in members of society. The quest for rational norms (the title of the first chapter in *Intelligence and Democratic Action*) was the ultimate goal of social action via discussion. For Knight, that quest—which Knight labeled “ethics”—transcended both the economic and the political realms, and required a free society to pay separate attention to it.
Democracy in Practice: Is Discussion a Game worth Playing?

As is perhaps apparent by now, Knight was aware that we seldom recognize our participation in an ethical discourse when we are debating economic or social policy changes. If democracy in practice does not live up to his ideal, is discussion a game worth playing?

I mention “game” deliberately, because game is an interesting ethical category to Knight. Business, for example, he thought of as a game. One doesn’t start a business just to satisfy a particular set of wants, but in order to “play.” The object of the game—making widgets, say—is less important that the playing of the game. And the playing has an ethic all its own; we call it sportsmanship. The ethic of sportsmanship, Knight argued early in his career, does not conform to either the classical virtue tradition of the Greeks or the Christian doctrines of love and fellowship (Knight [1923] 1999). At the time, Knight may well have intended the argument as an ethical critique of market participation. But later (Knight 1960) he incorporates the notion into his argument for a new ethics relevant to the modern world. If traditional morality does not have a notion of play, so much the worse for traditional morality. A liberal society can incorporate “playing the game” as an ethical category.

But business, you may say, is a very different thing than political discussion. True. But discussion can have an ethics of its own, with different understandings of “playing the game” in it. Deirdre McCloskey’s arguments about the bourgeois virtues (McCloskey 2006) can be seen as an extension, albeit in a direction Knight may have disagreed with, of Knight’s conception of the ethics of discussion.

And then, of course, there is the other meaning of “playing the game” of politics: the salesmanship, the strategizing to win votes or pass programs beneficial to one’s re-election chances. All means by which politicians coerce others for their benefit. Knight is quite aware of
this other meaning of “game” and uses it as a foil to his ethics of discussion in order to make the
case for an independent, separate realm of ethics. Society, Knight argues, not only forms our
morality in our participation in economics and politics, but also informs our morality through
education and family life. It is there that we learn the rationality of our cultural norms, not in the
heat of political debate.

That is where Knight’s quest for an independent ethics seems to stall. Contemporary
conservatives would leap on the call for moral education and “family values” as an opening for
the re-assertion of traditional moral systems. Civic libertarians would counter that individuals
need to sort out their values for themselves, and education (and perhaps even family life) should
be as value-free as possible. Knight wanted neither option, but cannot articulate well a third
possibility. He wanted more than a laissez-faire family, but something other than traditional
family values. As he says at the end of his 1958 lecture on liberal ethics:

I have been raising questions to which I, at least, do not see the answers—
questions which, with the common attitudes toward them, frankly seem to justify
doubts about the future of free society. If it is to survive society itself must
manage somehow to work a very considerable change in human nature as it has
come down into this liberal epoch from some half million years of previous
human history in comparison with which the liberal epoch is a few minutes on the
clock…. The question [is] whether human nature has what it takes to solve the
problems which have been raised its liberation. (Knight 1960, 141)

Buchanan on Democracy as Discussion

After the initial mention of democratic discussion in 1954, Buchanan’s attention turned to the
collaboration with Gordon Tullock and others in launching public choice theory. Mention of
democracy as discussion does not re-appear in his work for at least another twenty years. One should not be surprised by this; public choice theory is built upon three methodological assumptions that eliminate discussion of “discussion” that Knight thought of as essential to democracy. The assumptions are: i) methodological individualism, ii) *homo economicus*, and iii) the assumption that politics was a form of exchange. Buchanan’s Nobel lecture enshrines these three assumptions as the foundation of public choice theory. The individual is both the unit of decision-making as well as a locus of given preferences and values. As such, the individual decides on the basis of what would maximize the individual’s given preferences, subject to the person’s constraints. And the person enters into political activity knowing that there will be a give and take – casting a vote for a representative, knowing the representative will be able to obtain some of the things each individual might want provided by the state, but probably not everything. Thus, despite the fact that Buchanan usually acknowledged both Knight and Knut Wicksell as the economists who inspired his work, Knight is entirely absent from his Nobel address, while citations from Wicksell head each section (Buchanan 1987a; Emmett 2019).

But public choice theory was not Buchanan’s only concern between the early 1950s and the 1970s. In fact, in the 1960s, he turned to a comparison of the work of two men he admired: Frank Knight and Michael Polanyi (Buchanan 1967). At about the same time as the first Mont Pelerin Society meeting in 1947, Polanyi had published *Science, Faith and Society* (1946), to which Knight had responded (1949). Because Polanyi’s book provided a strong defense of intellectual freedom, Buchanan was initially surprised at Knight’s strong criticism of Polanyi. At the core of Knight’s criticism was Polanyi’s claim that scientific discussion could serve as a model for political discussion. The perpetual dissatisfaction of the scientific community with the present state of knowledge propels it forward as scientists test, and falsify, today’s scientific
“truth.” Scientific discussion, then, for Polanyi, is a never-ending quest for truth through discussion. Knight argued that Polanyi was confusing science as the search for truth with discussion as the search for agreement. Whether the agreement that social discussion created was “true” or not was irrelevant. Democratic discussion did not bring us close to “true” values or, for that matter, the “good” society. It produced “compromise [about] issues among individuals and groups with admittedly different values. There are no ‘truths’” (Buchanan 1967, 10).

To follow Buchanan beyond Knight’s use of democracy as discussion, we need to pay attention to the argument he presents at the conclusion of “Natural and Artifactual Man” (1979). Borrowing the notion of discussion being about more than just agreement, Buchanan argues that democratic decision-making requires more of us than maximization of utility within the constraints of our current endowment and the current set of political rules regarding our choices. In a democratic society, each of us also has the opportunity to participate in making the rules within which our current constraints emerge.

The American experience … has embodied the attitude that we create the institutions within which we interact, one with another, that we construct the rules that define the game that we all must play. But we can never lose sight of the elementary fact that the selection of the rules, “constitutional choice,” is of a different attitudinal dimension from the selection of strategies within defined rules. (Buchanan 1979, 255)

Of course, this notion of constitutional choice became the key to Buchanan’s notion of constitutional vs. post-constitutional choices, and the shift in his work from an economic theory of political exchange (public choice) to a political economy of constitutional decisions. In that

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4 See also Polanyi (1962).
context, Buchanan did not need Knight’s concern about democratic discussion outside the context of constitutional choices.

**Knight and Buchanan?**

As we have seen, both Knight and Buchanan used “government by discussion” as a shorthand definition of democracy. However, somewhat different understandings of what the term “discussion” meant has emerged. For Knight, discussion always has two elements. First, it is a means by which individuals coordinate our decisions and actions in such a way as to facilitate what Buchanan would call “constitutional” choices about social action. Secondly, for Knight discussion is also a means by which we coordinate society’s “rational norms” or common values. While the first element focuses on finding the means to expand society’s scope for satisfying more of the wants and values individuals have, Knight’s second element suggests that discussion may also change those individuals’ wants and values, as we search together for not only “more” but also “better” wants.

In the end, then, Knight and Buchanan use the expression “government by discussion” differently. Both are individualists, at least methodologically, and consider discussion as process by which individuals sort out how the rules that govern us will be designed to contribute to human betterment, as defined by those same individuals.

But some lingering questions remain. The closing line of Buchanan’s Nobel address raises a challenge to Knight’s conception of normative discussion: “How can we live together in peace, prosperity, and harmony, while retaining our liberties as autonomous individuals who can, and must, create our own values?” (Buchanan 1987, 250, emphasis added). Does Buchanan’s individualist constitutional/artefactual approach actually address Knight’s concern about
agreement on what we value as a society? In part, the reason this question lingers is because
Knight considered society as multi-leveled. He often argued that the fundamental decision unit in
society (that is, outside of a Crusoe-like environment) was the family. In a family, of course,
both sides of Knight’s theory of discussion are at work. Family discussion decides what we will
do within the context of values, preferences and constraints that we currently face. But it also
decides what we will do to change those values, preferences and constraints. And the concern
behind the decision is not only about whether the changes will be better for each of us
individually, but also whether it will be better for the family as a unit. The same, he argued, could
be said of other social units – businesses, universities, social groups, a nation.

Secondly, after winning the Nobel in 1986, Buchanan’s work began some new directions,
especially in his collaboration with Yong J. Yoon (Buchanan 2005; Buchanan and Yoon 2015).
Through examination of the benefits of increasing returns in the theory of international trade,
Buchanan began to consider whether there were similar issues in other aspects of economic life.
His discussions of moral community and the work ethic, for example, suggest that democracy
includes some inter-individual concerns that need to be worked out through continued
discussion.

Thirdly, as Buchanan pointed out in his criticism of the famous essay “The Ethics of
Competition,” (Knight 1935d; Buchanan 1987b), Knight’s ethical stance assumed that, in the
same manner as we have seen him refer to family as a decision unit, “society” functioned as a
single decision unit. Buchanan argued that Knight should be criticized for the notion that society
could be judged on ethical grounds for the decisions “it” made independent of the decisions
made by individuals. But Knight did not give up that argument. In his criticism of F. A. Hayek’s
*The Constitution of Liberty* (Hayek 1960; Knight 1967), Knight argued that Hayek’s attack on
social justice was inappropriate. Just as a family could be criticized for the decision that it, as a single unit, made or the values that it held, so also could society be so judged.

Knight and Buchanan are often linked because of the fact that Buchanan viewed his professor as one of the two major influences on his work. We’ve seen one reason to support that linkage; their common interest in conceptualizing democracy as “government by discussion.” But we have also had the opportunity to see that their views were not isomorphic. Significant questions can be raised at key points regarding the overlap of their ideas, even when they are close to each other as in their use of democratic discussion. While one probably should see Buchanan as the most important inheritor of Knight’s mantle as “the economist as philosopher” (Buchanan 1968), or at least more than just an economist, questions linger over the extent to which their ideas fully overlapped.

References


