

For more than a decade before the first edition of Robbins' book and after the first edition of Hutchison's book Frank Knight was writing essays on areas that either were, or were related to, methodological issues. The present writer finds great difficulty in following many of Knight's arguments. (Even with the assistance of Buchanan [40] and Gonce [86]). Hutchison earlier had had the same trouble: quoting two example of Knight's work he adds « Admittedly these propositions are torn from their contexts. All the same » [109, 734]. Nonetheless Knight is an important writer. He considers the problem of explanation and argues that we cannot have explanations of human behaviour in the same way that we have knowledge in natural science. Also our observations are tainted, we do not perceive pure fact. The basic postulates of economics, for example the economizing process, are known intuitively. But our behaviour is not merely economic, in fact other factors are more important. Economic theory cannot be tested because it applies to ideal situations which are not the real world situations. Buchanan sees Knight as a pessimist and it is certainly true that Knight is more pessimistic (realistic) than most economists. Yet while he wrote that economics « can tell us little in the concrete, and its chief function is negative to offset as far as possible the stupid theorizing of the man in the street » [122, 149], he also wrote « No one thinks, I hope, that consumers consciously strive to maximize satisfaction... It suffices that men largely behave 'as if' they were trying to conform to the principles. *These have great value in the prediction of effects of changes*, effects both on and through price movements, changes that happen or are contrived » ([124, 260] emphasis added).

Knight is justly famous for his technical analysis. It is doubtful that his methodological arguments have had much effect on economists except perhaps those at Chicago. For example the « as if » principle noted above forms part of Friedman's methodological arguments that have generated much discussion. (We might note however that Friedman states [79, 19] that his use of « as if » is in the spirit of Alchian [5] although independent of it). Despite the fact that almost everybody who has considered Friedman's methodology has rejected it, e.g. « if economists really require an 'official view' of the conceptual situation of their science (as well as others), they would do well to abandon Friedman's position for almost any other » (Rosenberg [218, 29]), the Friedman debate is the most famous recent methodological debate. Economists declare themselves to be « positive economists » in the sense Friedman used the term and « justify » all kinds of atrocities thereby. No other methodological writing has had this effect on economists with the possible exception of those (often with LSE connections) who claim to view science in Popperian terms (although, it might be noted, such writers seldom show any awareness of what this position really involves).

Friedman's essay [79] is hard to summarise but as well as an argument about the theory of the firm Friedman argues that « A hypothesis can be tested only by the conformity of its implications or predictions with observable