

Talking Points: G. Warren Nutter and the Role of Discussion in a Knightian Foreign  
Policy and Political Economy

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## **DEDICATION**

This dissertation is dedicated to my family, friends, and especially my wife, Eka, and our children, Jeffery, Matthew, and Isabelle. Without your love and care this would not have been possible.

Heavenly Father, ultimately this dissertation is dedicated to You. I offer all my trials, shortcomings, and success along this path in thanksgiving and for the forgiveness of sins committed. May you bless my committee members, all involved in getting me to this stage, and me. This I ask through Jesus Christ, true God and true man, living and reigning with You and the Holy Spirit, forever and ever. Amen.

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## LIST OF ABBREVIATIONS

Adam Smith <i>The Theory of Moral Sentiments</i> .....	TMS
Adam Smith <i>An Inquiry into the Nature and Causes of the Wealth of Nations</i> .....	WN

## **ABSTRACT**

**TALKING POINTS: G. WARREN NUTTER AND THE ROLE OF DISCUSSION IN A KNIGHTIAN FOREIGN POLICY AND POLITICAL ECONOMY**

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The “discussion tradition” in political economy takes seriously the contention that language and communication function not only as forms of exchange but also for the preservation and progression of civic life and the individuals within the body politic. Many of the early political economists were adherents to the tradition. Unfortunately, the tradition has largely been left undeveloped in modern political economy. Large elements of democratic politics and government functions have been left untouched by those who continue on the arguments and methodological commitments of the early political economists. This dissertation investigates an unexplored event in United States political history as an expression of the discussion tradition.

The first chapter of this dissertation, “Frank Knight in the Pentagon – G. Warren Nutter’s Application of Government by Discussion to Foreign Policy,” presents Nutter’s service as an Assistant Secretary of Defense as a case study in the application of the discussion tradition to modern political economy. Foreign policy historically has been isolated from the influences of those outside of the executive branch. By using Nutter’s published

critiques of Secretary of State Henry Kissinger, I show that Nutter's economics played an important role in how he interpreted foreign policy ought to be conducted. Nutter inherited his focus on "government by discussion" from Frank Knight as well as many aspects of Knight's social philosophy. Through these lenses, Nutter seeks to make foreign policy a truly public policy, a regime governed and attached by the values of the body politic.

In the second chapter, "A Knightian-Nutterian Approach to International Relations and Foreign Policy Analysis," I use the disparate strands of thought within Nutter's published work to construct what a truly Knightian foreign policy may look like. Like Knight, Nutter focused on the stability requirements for order. These requirements were determined by the discussion between members of the public as well as the representative governing body. The Knightian and Nutterian aspects of such a foreign policy are de-homogenized and distilled into what may be a unique form of foreign policy distinguishable from that of other modern liberal political economists.

The third chapter, "Heterogeneity in the Virginia School," develops Nutter's focus on stability and order and uses it as a lens through which to consider the founding of the Virginia School of Political Economy and the various institutional struggles that it faced in its early years. Using archival material, I show that there existed within the Virginia School a variety of viewpoints such that the charges of homogeneity and thus epistemic closure may be considered misjudgments by political opponents. Recognition of the



heterogeneity of viewpoints may open up new avenues of research into institutional and constitutional political economies consisting of sympathetic and somewhat romantic agents.

# **FRANK KNIGHT IN THE PENTAGON – G. WARREN NUTTER’S APPLICATION OF GOVERNMENT BY DISCUSSION TO FOREIGN POLICY**

## **1.1 Introduction**

An important, if not forgotten, tradition in liberal political economy involves the importance of language in the maintenance of society and the self. This “discussion tradition” harkens back to the earliest of liberal political economists starting with Adam Smith’s examination of language as a form of exchange ([1963] 1985). Language as a form of exchange is used by John Stuart Mill as the means by which people self-regulate and temper their opinions and biases ([1867] 1984). It is from Mill that we see this process applied to governance in general and the emergence of the definition of democracy as “government by discussion.” This tradition faced several twists in its history passing down to Bagehot, Burgess, Wilson, and to names more familiar in economics such as Knight, Buchanan, and Sen. Along the way, “government by discussion” became recognized more for its relationship to representative democracy than for its roots in the functional preservation of the body politic.

David Levy and Sandra Peart (2017a) trace the influence of the discussion tradition from its origin to modern political economy. Their identification of the tradition as the “Knightian Moment” is in recognition that almost all modern applications of discussion to political economy have some lineage in the thought of Frank Knight. This is seen clearly in the development of James Buchanan’s Constitutional Political Economy and

Sen's understanding of the importance of democracy for the social and economic development of economically depressed countries. Levy and Peart give account of the role of discussion within political economy using examples such as George Stigler's challenge to new welfare economics, Milton Friedman and Stigler's analysis of rent control, and the failed funding application for the University of Virginia's Thomas Jefferson Center (2020).

This dissertation contributes to the study of the "Knightian Moment" by recounting an example within the arena of international relations and foreign policy. Particularly, this dissertation will focus on the arguments of economist G. Warren Nutter and his critiques of the conduct of international relations and foreign policy during the administration of President Richard Nixon and Secretary of State Henry Kissinger. This chapter will identify the influences of Frank Knight on Warren Nutter's considered attacks on Henry Kissinger and his policy choices. The second chapter will look at a developed version of Knightian-Nutterian political economy foundations for foreign policy and compare it to other widely available theories. The third chapter will look at Nutter's relative uniqueness within the Public Choice tradition compared to some of his contemporaries.

This chapter will proceed as follows. In the second section I will give an account of the "discussion" over foreign policy that occurred between Henry Kissinger and Warren Nutter. In the third section, I will show the influence of Frank Knight on Warren Nutter's thought. In the fourth section, I will examine the byproduct of the collision between

Knightian thought and foreign policy: foreign policy as public policy. Section five concludes.

## 1.2 Warren Nutter and the Application of Economic Thought to Foreign Policy

The introduction of economic thought to foreign policy and international relations is not unique to Warren Nutter. Commentary on the foreign and domestic policies of nations has foundations with the earliest political economists.<sup>1</sup> With the separation of economics into its own social science, the influence of the political economist temporarily was lost or ignored with the study of the phenomena becoming the domain of political science and international relations. Formalized economics first entered the field of international relations with the use of game theory and rational choice models for the analysis of strategic interactions (Hitch and McKean 2014 [1960]). Use of economic tools expanded as the rational choice models and teachings of microeconomics became the backbone of many of the prominent theories of international politics (Waltz 1979). Development in the economics of international organizations and war and peace have brought new discussion into the effectiveness of international policy (Coyne and Hall 2018). The adoption of economic tools has not been without controversy. The use of rational choice

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<sup>1</sup> For example, Adam Smith (1981 [1776]) presupposes Political Realism's focus on power relationship as the main point of analysis: "Hereafter, perhaps, the natives of those countries may grow stronger, or those of Europe may grow weaker, and the inhabitants of all the different quarters of the world may arrive at that equality of courage and force which, by inspiring mutual fear, can alone overawe the injustice of independent nations into some sort of respect for the rights of one another. But nothing seems more likely to establish this equality of force than that mutual communication of knowledge and of all sorts of improvements which an extensive commerce from all countries to all countries naturally, or rather necessarily, carries along with it." (WN, IV. Vii.c.80)

and other models has brought debate about the claims and ethics of economics or if they are useful for anything beyond applied states-craft (Levy 1997; Donnelly 2008).

One of the questions that Public Choice economics attempts to answer is how we are to credibly tie Ulysses' arms to the mast. This is a difficult question even when political games and deliberations are done relatively publicly. Certainly, comparisons can be made between international relations and domestic political economy previous to the emergence of Public Choice. Just as Leviathan developed as a model of government for its structural and explanatory simplicity, the state as a unitary actor serves a similar role in international relations (Hill 2016). Similarly, the state as a unitary actor may hide the underlying complexities of international relations and the institutional settings that ultimately produce foreign policy.

These abstractions may be useful for theoretical formulation and aid in the study of international relations as a science. However, given that the number of paradigms within the field arose as a response to theories that shared the unitary actor thesis as a fundamental assumption, it is safe to assume that the abstraction may as a function of its theoretical simplicity ignore fundamental features of the reality of international relations that ought not be set aside.<sup>2</sup> For instance, in the study of the field of international law and

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<sup>2</sup> For an argument that is equally applicable to economics and international relations, see Coase's "How Should Economists Choose?" (Coase [1981] 1988). In his critique of Milton Friedman's "The Methodology of Positive Economics" (Friedman [1953] 2001), Coase argues that we ought to adopt models that emphasize explanatory power over predictive power.

foreign policy, Rao (2011) uses the insights of Public Choice in order to take account of the vast interplay of experts, bureaucrats, and elected officials necessary for compliance in the international arena.

Despite the evidence that economic insights can elucidate certain processes by which international relations function, there has been resistance to the possible influence of economics. Economics in general and public choice in particular have been seen as serving as no more than a possible heuristic by which we may understand the dynamics and dimensions of the international arena and the various action problems that are associated at both the international and domestic levels of foreign policy determination (Hill 2016).<sup>3</sup>

This leads us to ask, what is the role of economic theory in the analysis international relations? While these new economic studies have provided insights into the workings of international organizations and the influence of international political relationships, there has been little work done to study the process by which foreign relations are conducted and constrained to benefit the public of a nation. Central to this discussion is G. Warren

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<sup>3</sup> Hill (2016) provides an overview of the issues with using economic assumptions in international relations: “More generally, the economic formalism of both the rational choice and the public choice approaches and the contortions they must perform to cope with such matters as competing values, geopolitics, conceptions of international society and the complexities of political decision-making limit their ability to generate insights. Like game theory, public choice can be of considerable heuristic use, but to start from an assumption of self-interested preferences at all levels is too simplistic, because the influences and values which shape those preferences are bracketed out. It also limits the applicability to actual cases. International politics is about so much more than market success or failure.” (11)

Nutter. Nutter, while he may not be widely known, is an economist and citizen worthy of examination. Warren Nutter's critique of the foreign policy of President Richard Nixon and Secretary of State Henry Kissinger is important as a case study as it serves as a link between modern political economy analysis of foreign policy and international relations and the critiques of early political economists. While the critique is interesting in itself, the origins and foundational arguments sitting behind Nutter's intellectual history provide more intrigue as he was a student of Frank Knight.

Frank Knight is a pivotal figure in economic history as he serves as a link between the modern period and many intellectual traditions that did not survive into the post-war period. His insights and engagements touch most discussions of economic and philosophic examination. At the heart of Knight's theories of economic reform and liberal social order is the importance of discussion as a foundational tool in the unification and justification of the economic, political, and moral lives of individuals. This strain of thought is deep within political economy and moral philosophy, including Adam Smith, John Stuart Mill, and more recently John Rawls and James Buchanan. While most of the attention received to this tradition is used to analyze public policy, little attention has been paid to its possible influences upon foreign policy. Frank Knight intended to stretch his analysis to include this realm but failed to do so (Knight 1960, 28). While looking back at Frank Knight's authorship may allow us to construct his thoughts on international relations and foreign policy formation, doing so would tell us little of how these ideas would interact within the actual realm of international relations. Luckily,

we need not take upon this task. The role of discussion as an influential tool may have been lost to many theoretical explorations of economics and politics, but as we see in the works of Knight's students such as James Buchanan and Warren Nutter (Buchanan 1959b; Nutter 1983).

G. Warren Nutter is an important and underappreciated figure in the history of economic thought. As a student at the University of Chicago, Nutter trained under Frank Knight, Aaron Director, and Milton Friedman, himself a student of Knight. After finishing his doctorate in 1949, Nutter became an associate professor of economics at Yale University where he also began his engagement with politics and public service. In 1951 during the Korean War, he served in the Central Intelligence Agency of the United States of America. Nutter moved to the University of Virginia in 1956 and along with James Buchanan worked to create the Thomas Jefferson Center for the Study of Political Economy. This period of time is of great importance to this analysis of foreign policy formation and international relations. During this time, Nutter began his research on the history of the Soviet Economy. His findings during this period mark the beginning of an interesting dialogue about Soviet growth that is outside the boundaries of this essay (see Levy and Peart 2011). This period also saw Nutter drawn back into public service, this time at the Pentagon as an Assistant Secretary of Defense for International Security Affairs for then President Richard Nixon.

Warren Nutter, in his time as an Assistant Secretary of Defense, examined the foreign



policy of the Nixon Administration and specifically the theoretical formulations of Secretary of State Henry Kissinger. Nutter's writings (1975c) expressed concern over how to sustain a robust foreign policy in an international arena growing in complexity, interdependence, and potential ideological conflict. He concerned himself not with specific policies (though he did express his opinion on policies). His focus was on the choice of foundational frameworks from which policy choices and results would flow. His analysis was on the importance of the choice of system.

The concern over the choice of system is an analytical setting adopted from Adam Smith ([1759] 1982).<sup>4</sup> For Smith, systems were frameworks for conceptualization of society and the world that determine our understanding of the information and inputs that are received through interaction and experience (Levy and Peart 2013). Nutter's writings express concern over a lack of "grand design," a foundational conception of the world a society. In Kissinger's *Grand Design* (1975c), he argues that Kissinger's policy of détente lacks the credibility (and thus authority) of previous policies due to a lack of general understanding of its means and ends. Before the implementation of Kissinger's version of

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<sup>4</sup> "The man of system, on the contrary, is apt to be very wise in his own conceit; and is often so enamoured with the supposed beauty of his own ideal plan of government, that he cannot suffer the smallest deviation from any part of it. He goes on to establish it completely and in all its parts, without any regard either to the great interests, or to the strong prejudices which may oppose it. He seems to imagine that he can arrange the different members of a great society with as much ease as the hand arranges the different pieces upon a chess-board. He does not consider that the pieces upon the chess-board have no other principle of motion besides that which the hand impresses upon them; but that, in the great chess-board of human society, every single piece has a principle of motion of its own, altogether different from that which the legislature might chuse to impress upon it. If those two principles coincide and act in the same direction, the game of human society will go on easily and harmoniously, and is very likely to be happy and successful. If they are opposite or different, the game will go on miserably, and the society must be at all times in the highest degree of disorder." (TMS VI. ii. 2. 17.)

détente, the United States had followed a policy of containment in regard to the Soviet Union and communism in general. The argument is not that containment was superior to Kissinger's new plan. The issue is that containment was understood by the public and the members of the legislative and executive branches and had broad support among all groups:

Foreign policy is in a state of confusion, in no small measure because it has lost touch with the people. The doctrine of containment, once widely understood and broadly supported, has been displaced by the slogan of détente, which has at best only a negative meaning. Now even that slogan has been tossed aside, and we are left with an incoherent jumble of day-to-day diplomacy to comprehend. (Nutter [1976] 1983a, 293)

Therefore, the continued implementation of a foreign policy of containment was a product government by discussion and the extension of a consensus of public opinion.

Nutter considered the period of foreign policy under Kissinger and Nixon to be a period of confusion, personalized policy, and one of “muddling through” as opposed to having a clear vision of what was to be accomplished. No longer were there specific principles used to guide policy or establish goals for international relations. He saw a disconnection between the legislative and executive branches in regard to desirable foreign policy and a disconnection between the two branches of government and the preferences of the voting public in the same regards:

The executive branch must be blamed for being too reckless and ambitious, the legislative branch for being too irresponsible, and the public for being too greedy—at least at the start—about having its cake and eating it too (Nutter [1976] 1983a, 295).

Kissinger's day-to-day foreign policy, in his estimation, had no set context, objective, or

agreed-upon means of accomplishment. Without the hope of broad consensus between bureaucrat, elected official, and the public upon these lines, foreign policy could not be legitimate much less focused. Nutter's concern then is the robustness of a foreign policy openly discussed relative to that of a foreign policy closed to discussion. It is a concern over the choice of system:

Congress and the president must—to use those hackneyed words—move from confrontation to negotiation and work as partners in formulating foreign policy. . . . While sorting out their roles in formulating and conducting foreign policy, our executive and legislative leaders have an obligation to search for a doctrine to serve as the foundation for policy. Consensus on policy derives from agreement on and underlying concept of the world order comprehended by the public at large. (297-98)

In the absence of basic concepts to orient thinking and debate, the legislative and executive branches of government have fallen to squabbling over who is to do what, when, and how in the ad-hocery of foreign affairs. (293)

For Nutter, this was a choice between a foreign policy founded in principle over one constructed from the whims of interest.<sup>5</sup>

The connection between choice of system and the relevance of open discussion for the parameters of the system is an old one. Therefore, it is appropriate to ask how studying international relations as primarily a discussion over the choice between systems would inform concerns about the robustness of the political economy of the conduct of foreign policy. Nutter's concern over discussion and the choice of system extends from the foundations of his thinking about economics and the world, foundations that he received

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<sup>5</sup> While Nutter never framed his argument in this way, his former students use this language when describing his contributions to thought on the subject. For Nutter, the foundational principle is freedom. See this quote from Paul Craig Roberts, one of Nutter's graduate students: "Nutter was convinced that our economic and foreign policies had to be based in our heritage of freedom. To be successful, our policies must communicate openly to the people an affirmation of our principles . . . But without faith in our principles, leaders are forced into secrecy and manipulation, and their policies fail by arousing the distrust of the people." (Roberts 1983, x)

from Frank Knight.<sup>6</sup>

### 1.3 Foundations of a Knightian Foreign Policy: Government by Discussion

From Knight, Nutter adopts the definition of democracy as “government by discussion.”<sup>7</sup>

This conceptual definition of democracy, while not an alien one, is central to understanding the importance of open discussion to Nutter. Discussion held an important place in Frank Knight’s understanding of the functioning and the goals of society:

Democracy could be defined as the socialization of the problem of law, and it is only democracy which confronts social problems, properly speaking. They must be solved by free agreement of the citizens in balancing among degrees and kinds of orderliness and in balancing stable legal order itself against more literally free association. . . . Compromise is inevitable. . . (Knight [1956] 1999, 394)

Social action, in the essential and proper sense, is group self-determination. The content or process is rational discussion, of which science itself—the pursuit and establishment of truth—is the primary type, for truth is a value, established by criticism, and a social category. Discussion is social problem-solving, and all problem-solving includes (social) discussion. As directive of social action, discussion has for its objective the solution of (i.e., the truth about) ethical

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<sup>6</sup> Levy and Peart (2020) provides an excellent overview of the influence of Frank Knight’s thought in the Virginia School of Economics.

<sup>7</sup> Both Nutter and Knight give credit for the phrase defining democracy as “government by discussion” to Lord James Bryce ([1888] 1995). However, the phrase has much earlier uses. For example, see Bagehot ([1872] 1999) and Mill ([1859] 2002). The principle behind the phrase has a much longer history. For example, see Millar’s *An Historical View of the English Government* ([1803] 2006):

“The authority of every government is founded in opinion;<sup>52</sup> and no system, be it ever so perfect in itself, can be expected to acquire stability, or to produce good order and submission, unless it coincides with the general voice of the community. He who frames a political constitution upon a model of ideal perfection, and attempts to introduce it into any country, without consulting the inclinations of the inhabitants, is a most pernicious projector, who, instead of being applauded as a Lycurgus, ought to be chained and confined as a madman.” (589)

The footnote, 52, leads to Hume: “See Hume’s remarks in “Whether the British Government Inclines More to Absolute Monarchy or to a Republic”: “It may farther be said, that, though men be much governed by interest; yet even interest itself, and all human affairs, are entirely governed by opinion.” *Essays, Moral, Political, and Literary*, ed. Eugene F. Miller (Indianapolis: Liberty Fund, 1985), 51.”

problems, the establishment of agreement upon ethical ideals or values, for the reconciliation of conflicting interests. Ethical ideals have for their content right or ideal relations between given individuals and also, and more fundamentally, ideal individuals, to be created by ideal social institutions, which form the immediate objective of social action. (Knight [1941] 1956, 133)

Democracy is not just a means of organizing society but also serves as the foundations for a new society born from the ingenuity and honesty of those who participate.

Knight drew parallels between economic and political life that features collective discussion serving as the societal analog to the price system (Emmett 2011). However, discussion served less as “discovery tool” and more as means for the determination of collective ethics and goals (Hayek [1968] 2014). These goals and ethics exist as truths that need to be focused on as the product of discussion amongst intelligent parties.<sup>8</sup> For Knight, the goal of governance is one of truth-seeking in the search for answers to societal problems:

It is that in the field of political ethics as in the domains more usually recognized as affected by truth, the recognition of validity in any conclusion excludes the role of force, and equally of persuasion in any form, in securing agreement. Acceptance must rest on discussion of the objective merits of the question itself. (Knight [1935] 2011, 337)

The ideal of a free society is that social problems should be settled in their large outlines by discussion in which all normal adults participate equally, and in further detail by leadership intelligently chosen by all through public discussion and leading with the intelligent and moral consent and co-operation of the masses. (344)

The veracity of these solutions as well as the determination of societal dilemmas and the

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<sup>8</sup> However, post-war liberals began to question the “intelligence” behind politics (Knight 1934).

choice of which dilemmas are to be confronted are to stem from the results of the free and open deliberations between individuals in a society. For Knight, the key result of Liberalism, though it suffered from grave faults, was the freedom of individual conscience from authoritarianism and divine devotion to the status-quo (Knight [1956] 1999, 409). No longer are the solutions to social problems to be the results of the deliberation of an exogenous authority, man (authority) or moral (ethical system).

If the solutions to a society's issues are the results of the deliberation between the individuals within a society, then what grants these political processes legitimacy?

Validity comes from the ability to reach an unbiased consensus through discussion:

In both science and political ethics, the establishment of objectivity, but not the objectivity itself, depends upon the acceptance of the conclusion by a "competent and impartial" group (which presupposes valid intercommunication). Agreement is the test of validity, but the concept itself rests on the assumption, or faith, that validity is more than the fact of agreement. (Knight [1935] 2011, 337-38, fn. 1)

Nutter echoes this view in his discussion of the necessity of consent:

There will always be important areas of disagreement in our society, no matter how open it may be, which is to say that there will always be social problems. These must be resolved through a less-than-perfect political process, which will be legitimate to the degree that it rests on popular approval and democratic to the degree that it involves discussion and consent. (Nutter [1976] 1983a, 292)

It is important to notice that Nutter immediately accepts institutional constraints and accepts lesser degrees of agreement for legitimacy. Knight, like his other student James Buchanan, accepts unanimity to be the standard to which discussion ought to strive. However, he accepts majority decisions and representative democracies to be acceptable alternatives. To the degree that a democratic system meets the ideal of consisting of truth-

seeking processes grounded in the ability to gain consensus, the product of the system, the laws and legislation, would be images of Truth and thus all intelligent discussants would accept laws and legislation without issue (Knight [1941] 1956, 131-33).

#### 1.4 Foreign Policy as Public Policy

Knight's reliance on the functioning of discussion for truth to be obtained is an application of an epistemic constraint upon public policy formation. Discussion cannot just occur. It also requires a dimension of intelligence. For Knight, intelligence required a lack of prejudice. Discussion served to expose and erode irrationality and "stupidity" as it appeared:

[T]he major, logically preliminary, task is to overcome prejudice; and a good deal must be said as we proceed about that concept or category and its sub-species. . . . However, a direct imputation of prejudice to an opponent in argument is immediately destructive of the spirit of discussion, and to achieve and maintain that intellectual attitude is the first essential. (Knight 1960, 2)

Truth must be distinguished from opinion and especially from wishful opinions, "prejudices," which to my mind is the heart of the problem of agreement, rather than honest error or ignorance. (130)

Intelligent discussion, then, is defined by the absence of prejudice and bad faith. In addition, for Knight, intelligence meant that discussants are able to predict the consequences of their own action and inaction and correctly apply weights to the utility of each scenario (21)

Because Knight's system is truth-seeking, this places limits upon how that truth is reached. The discussion that occurs in order to reach the truth must only deal with objective facts. This rules out the use of persuasion. For Knight, persuasion and the accumulation of personal fame in order to influence results is an expression of an

inequality of power between parties. This equates the attempt to persuade others to see the value of one's ends as the use of force, something that Knight considered to be against the criteria for freedom:

Where action is to realize ends for more than one person, they may of course happen to agree in their preferences. But to the extent that they do not—which in fact is large—the matter becomes a subject for discussion, or for one-sided control (or for conflict, ending in the destruction of one of the parties, or both). It is “self-evident” that expression of person preferences is not discussion and indeed leads definitely toward conflict, that rational agreement involves recognition by all parties of super-individual norms. (Knight [1935] 2011, 338 fn.)

What is the result of the Knight's system? The product of intelligent, unbiased discussants in a system of truth-seeking government is law and legislation that cannot be rejected by any unbiased person. To openly reject the results of democratic deliberation of this type would be to admit irrationality in thought and the preference for personal interest over commitment to objective principles.

The Knightian formulation of government and public policy, when taken at face value, seems to be an extremely difficult if not impossible standard to meet. This was Knight's point: Being a member of a democratic society is difficult. He also understood the scalability issue: democratic action becomes more difficult as more people are involved:

On any considerable scale, discussion itself must be organized; and this organization presents practically the same problems as the matter to be dealt with, specifically the limitation of freedom by rules and authority in order to secure the greatest possible freedom and the performance of function. (Knight [1950] 1999, 376)

The difficulties that lie in democratic action and their ability to prevent democratic



societies from confronting social ills frustrated Knight through most of the later part of his academic career.

Knight's students did not succumb to their professor's disillusionment with liberalism or democratic processes. For an example specific to the scope of this essay, James Buchanan and Warren Nutter both adopted discussion as an important basis for the workings of their understanding of political economy which we now recognize as Public Choice (Buchanan 1959b; Nutter 1983).<sup>9</sup> Just as Public Choice asks how governments can be constrained in its functions of domestic governance; a similar question can be asked in the realm of international relations. In a world where foreign policy can be conducted in private, how are we to constrain the outcomes of such deliberations? Nutter theorized that bringing foreign policy consideration under the same scrutiny as public policy would place constraints upon the relative independence of the institutions and processes that determined the outcomes of these policy decisions.

Warren Nutter's desire to bring foreign policy into the same analytical window and

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<sup>9</sup>"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" (Buchanan 1954, 120)

"The whole process of discussion which characterizes the democratic idea implies that, insofar as their behavior in making collective decisions is concerned, individuals do not have explicitly defined ends of an instrumental sort. If they do, discussion is bound to be fruitless, and an initial disagreement will persist. The purpose of political discussion is precisely that of changing 'tastes' among social alternatives." (Buchanan 1959b, 136)

public policy is a product of the intellectual tradition from which he emerged. The concern over legitimacy is a reflection of Frank Knight's view of democracy and the philosophy of the Western world being adrift due to a lack of foundations from which to draw stability and a plan for the future.<sup>10</sup> In his critique of Kissinger, Nutter's first concern falls upon what he perceives as Kissinger's missing foundations and clear vision for international relations. Kissinger expresses in his academic work that it is not the job of the statesman to lay forth his vision of the world order for approbation or disapprobation. Approval of foreign policy can only emerge from history after it is done. Nutter shares these ideas from Kissinger's work:

It can never be the task of leadership to solicit a consensus, but to create the conditions which will make consensus possible. A leader, if he performs his true function, must resign himself to being alone part of the time, at least while he charts the road. (Nutter [1976] 1983a, 296; Kissinger 1955, 336)

The statesman is therefore like one of the heroes in classical drama who has had a vision of the future but who cannot validate "truth." Nations learn only by experience; they "know" only when it is too late to act. But statesmen must act as if their intuition were already experience, as if their aspiration were truth. It is for this reason that statesmen often share the fate of prophets, that they are without honor in their own country, that they always have a difficult task in legitimizing their programmes domestically, and that their greatness is usually apparent only in retrospect when their intuition has become experience. (Nutter 1975c, 8; Kissinger 1957, 329)

Kissinger's theory of international relations and statesmanship is backwards looking. The statesman uses the past in order to gain support for the actions that will be taken in the future without revealing plans for the future. This is problematic because this view of foreign policy formation lacks openness and seems enigmatic.

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<sup>10</sup> It may be fair to say that this view is not unique to Frank Knight. It became almost ubiquitous amongst post-war liberals.

The results of a system resembling Kissinger's model is a foreign policy that lacks the type of support that defines other governmental functions and institutions within the United States. As shown in Section III, for Nutter these functions and institutions gain legitimacy relative to their level of democratic support. The foreign policy resulting from Kissinger's model lacks legitimacy because it is personalized, preventing a broad understanding by the public. The historical focus of this process on what has happened with foreign policy precludes discussion and approbation towards how foreign policy may be conducted in the future, a fundamental part of consent in a democratic system (Nutter, [1976] 1983a, 297).

Nutter's connection between the lack of public consensus and understanding surrounding foreign policy leads to an unmooring of national strategy in the international arena from the foundational principles of the country. However, there is a reciprocal relationship between national strategy in international relations and national strategy in domestic policy. When public policy becomes de-linked from public consensus, social cohesion begins to break down. Nutter notes that the growth of the welfare state coincided with parliamentary and presidential elections resulting in relatively close elections ([1976] 1983b, 254).<sup>11</sup> As a result, the strength of a democratic government becomes the inverse

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<sup>11</sup> Nutter looked to the United States Presidential elections of 1960 and 1968 as evidence of this phenomenon (Nutter [1976] 1983b, 255). The landslide victories of Johnson and Nixon over Goldwater and McGovern, respectively, were ideological victories partially over potentially massive changes in the size of the welfare state. As Nutter states, the landslides were "against, not for, something" (255). His argument could be extended to the 1976 election where Jimmy Carter won by a slim margin over Gerald Ford and the 1980 landslide between Ronald Reagan and Jimmy Carter. Unfortunately, Nutter died in 1979.

of its size and scope. The lack of strength in domestic policy must eventually reflect a weakness in foreign policy as the stress of implementing effective strategies in both arenas becomes restrictive due to the lack of majority support.<sup>12</sup> The result is a system requiring coalitions to form with smaller factions, fringe groups, and multitudes of special interests that receive undue influence. As Nutter states, “The demagogue has his day” (256).

To examine foreign policy as public policy produces complications. Echoing Knight, Nutter wishes for consensus to form between discussants expressing intelligence and rationality that places foreign policy above partisan politics ([1976] 1983a, 298).

However, this does not address how to deal with features of foreign policy that are not present in domestic politics. Of great concern is how to bring public scrutiny to an arena where discussion could endanger national security. State secrets and the confidential nature of negotiations pose a formidable obstacle to government by discussion. However, secrecy is no different than any other social dilemma faced by democratic societies.

Almost surely, first best options are unavailable to democracies. Therefore, second best

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Relatedly, Nutter sent an advance copy of *Kissinger's Grad Design* to Gerald Ford for consideration before advancing Détente with Henry Kissinger as his Secretary of State.

<sup>12</sup> To provide an example, Nutter looks to Johnson's “Great Society” (Nutter, [1976] 1983a, 294). The domestic policies greatly expanded the size and scope of the federal government. The strain of the domestic policies plus the nation building strategy of foreign policy adopted during the Kennedy administration placed a heavy burden on government functions and the economy: “The public was told not to worry: our mighty economy would furnish both guns and butter. We would move the Great Society forward with our right hand while fighting the war with our left. . . . The executive branch must be blamed for being too reckless and ambitious, the legislative branch for being too irresponsible, and the public for being too greedy—at least at the start—about having its cake and eating it too” (294-95). What was the result? The country suffered from social unrest and a further breakdown of trust and respect for the government, especially the executive branch.

(or even just satisficing options) must be determined and adopted:

The doctrine of foreign policy must be derived through public discussion, even though some facts about the state of the world are not known by all discussants. Similarly, the framework of foreign policy must be constructed in public view, even though the procedures contemplated for meeting contingencies are kept secret. Commitments made should be a matter of public record, even though negotiations are conducted confidentially. These are critical distinctions of substance and degree. (Nutter [1976] 1983a, 300)

Secrets are necessary for the purpose of national security, but that does not relieve democratic society from the obligation of government by discussion. Neither does it give credence to arguments for governments removing the responsibility of determining foreign policy from national principles and thus divorcing policy from the consensus for by public opinion.

## 1.5 Conclusion

Foreign policy requires the use of almost none of the qualities that belong to democracy and, on the contrary, demands the development of nearly all those qualities that it lacks. Democracy favors the growth of the internal resources of the State; it spreads comfort, develops public spirit; strengthens respect for law in the different classes of society; all things that have only an indirect influence on the position of a people vis-à-vis another. But only with difficulty can democracy coordinate the details of a great undertaking, settle on one plan and then follow it stubbornly across all obstacles. It is little capable of devising measures in secret and patiently awaiting their result. These are the qualities that belong most particularly to a man or to an aristocracy. Now, in the long run it is precisely these qualities that make a people, like an individual, predominate in the end. (Tocqueville [1835] 2012, 370)

The quote above expresses Alexis De Tocqueville's skepticism about democratic society's ability to reconcile its foundation of government by discussion with the

necessities of foreign policy formation and international relations. His skepticism was well founded. As Frank Knight stated over a century later, but in reference to merely domestic policy (and more skeptically), democratic action is hard. In short, Knight's concern was this: If we are to succeed and continue on with a free society, we must value more than winning debates and persuading others to our side. We must ensure that the debate takes place intelligently and in good faith.

I have argued that the discussion tradition, one placing importance on open dialogue, formation of consensus, and centering focus on how discussions take place and not on their results, is an old tradition in liberal political economy. The practice of the discussion tradition requires a commitment to principles over interests even as the principles develop and change as a consequence of discussion. In addition, the practice of discussion serves as a crucible for the irrationalities and prejudices that discussants bring to each exchange. It is only through this process that a democratic order can survive the factional and ideological pressures that would erode it. The tradition may have been lost to the majority of mainstream analysis, but it continues in the foundations of the work of Frank Knight's intellectual heirs. Focusing on one of those heirs, Warren Nutter, allows us to see how the discussion tradition came out of philosophy and into practice.

Warren Nutter is worthy of study in his own right. His contributions to economics, especially those involving the study of command economies, went underappreciated in his lifetime and yet were prescient in the study of the failure of Communism.

Unsurprisingly, his academic work paralleled much of his work as a public servant. His commitment to the principles of a free society and to maintaining a government by discussion are reflected in his efforts to open academic dialogue with Soviet economists through the Italian conferences sponsored partially by the Thomas Jefferson Center.<sup>13</sup> These conferences consisted of summer institutes staffed by Eastern European economists for American graduate students and conferences for intellectual exchange between Eastern European, Western European, and American economists (Moore 1979, 5). The goal of the summer courses was to allow Westerners to learn about planned economies from those who lived through the experience while the goal of the conferences was to allow for Eastern European intellectuals to pursue free inquiry without fear of political repercussions (5). The intellectual efforts as well as his efforts to maintain an open dialogue in the formation of foreign policy while serving as an Assistant Secretary of Defense are just a few observable occurrences of Nutter's commitment to education, freedom, and the maintenance of public life.

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<sup>13</sup> For an analysis of the impact of the conferences, see Bockman (2007) and Bockman and Eyal (2002).

## **A KNIGHTIAN-NUTTERIAN APPROACH TO INTERNATIONAL RELATIONS AND FOREIGN POLICY ANALYSIS**

### **2.1 Introduction**

The previous chapter examines the role of Frank Knight's thought in the foreign policy and international relations criticisms of one of his students, G. Warren Nutter. In *Intelligence and Democratic Action* (1960, 28), Frank Knight makes explicit that his lectures given at the Thomas Jefferson Center concern domestic politics and that international relations and its specific problems must be left for another time. Nutter's work, *Kissinger's Grand Design* (1975c) shows Knight's influences within how Nutter approaches the issues of legitimacy and validity as essential parts to ensuring that freedom and democratic action are respected. This rediscovery is what David Levy and Sandra Peart refer to as a Knightian Moment (2017a, 46).

This chapter continues the study of Nutter's critique of foreign policy formation and international relations by examining more closely the ties between the thought of Frank Knight and Warren Nutter. Both Knight and Nutter identify democracy and democratic processes with "government by discussion." Discussion is the primary organizing principle around which societies and the individuals within them decide what they are the direction of their evolution. The discussion principle serves as the means by which politics and society gain legitimacy and stability. Along with this insight and the connections made in the first chapter, this chapter combines the ideas of Knight and



Nutter into a single paradigm for understanding the role of discussion within domestic and foreign affairs. The role of deliberation which effectively endogenizes the preferences of all members of society and the focus on foundational principles places Knight-Nutter in a unique space within the arena of international relations theories as it cannot be placed within a single existing model.

Section two of this chapter provides summaries of the chief qualities of the dominating theories of international relations and foreign policy. Section three identifies the defining characteristics of the Knight-Nutter theory and then compares them to the previously summarized theories, showing the relative uniqueness of the paradigm. In the process, Knight and Nutter are de-homogenized such that tension within the model receives consideration and finds resolution. The fourth section discusses the concerns of Knight and Nutter with respect to expertise and elitism using Nutter's critique of Kissinger as the background. Section five concludes.

## 2.2 Foreign Policy and International Relations, Historically Considered

International Relations is relatively young in its formulation as a unique field of study. Its origins lie little more than a century ago. Within the field exist both broad frameworks and relatively focused research paradigms that serve as umbrellas for related strands of inquisitive style. Through these categories and paradigms, international relations experts study the influence of power politics, informational transactions costs, and the relative

interdependence of state preferences and actions. As a result of these studies, theorists produce descriptive analyses of the inter-workings of the international political arena that may serve as a predictive model of future events. These models may then serve as the basis for future policy direction.

The study of International Relations may be broken down into two broad categories of theories: positivist and post-positivist. Positivist theories of international relations are the most prevalent within the field. The major subdivisions of positivist International Relations are Realism and Liberalism. Post-positivist international relations, as a class of theories, has many variations including Marxist, Feminist, and Constructivist flavors of international relations. The division between the two categories may be defined by the belief in the ability for the scientific method to be applied to the international order. Positivists seek to attempt to find causal explanations for peace and belligerence. However, the post-positivists seek to determine the role of ideas in the occurrence of international relations. Ideas influence preference formation such that preferences do not remain stable. For the purposes of our inquiry, most attention will be paid to the positivist schools of International Relations due their prevalence and for the purpose of focus.

### 2.2.1 Realism

One of the earliest strands of thought, Political Realism, originates from the insights of

Thucydides, Hobbes, Machiavelli and others.<sup>14</sup> Realism reasonably cannot be considered a single theory, but a set of theories with unifying themes. Haslam (2002, 249) refers to Political Realism as a “spectrum of ideas.” The common themes weaving through these ideas place focus upon power relations between states. One could call power the central tenant around which all the various realist theories build their analyses.

Political Realism’s common themes converge upon four components: groupism, egoism, anarchy, and power politics (Wohlforth 2008, 132). In its broadest sense, political realism states that politics is the interaction within and between groups. Thus, the main unit of analysis is the state.<sup>15</sup> Sovereign states exist in a state of anarchy within the international arena (Waltz 1979). Because of the independence of each state, there is nothing to guarantee that states coordinate or form bonds which would result in cooperation.

Therefore, the state concerns itself almost solely with its survival and acts purely in its own self-interest (Mearsheimer 1994). In order to maintain its survival within the setting

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<sup>14</sup> Despite the emergence of competing theoretical frameworks, political realism remains the prominent theory in international relations. Indeed, international relations may be framed as a debate about realism (Wohlforth 2008, 131).

<sup>15</sup> Wohlforth (2008, 772) notes that the term state does not have to refer only to modern territorial state. Also included would be any group that is sufficiently unified and acting together as one. However, the state as a single actor does exist within the theoretical framework of Political Realism. For example, Hobbes ([1651] 1994, 233) considers the state as he considers man: “[T]he Law of Nations, and the Law of Nature, is the same thing. And every Sovereign hath the same Right, in procuring the safety of his People, that any particular man can have, in procuring the safety of his own Body. And the same Law, that dictateth to men that have no Civil Government, what they ought to do, and what to avoyd in regard of one another, dictateth the same to Common-wealths, that is, to the Consciences of Sovereign Princes, and Sovereign Assemblies; there being no Court of Naturall Justice, but in the Conscience onely; where not Man, but God raigneth; whose Lawes, (such of them as oblige all Mankind,) in respect of God, as he is the Author of Nature, are Naturall; and in respect of the same God, as he is King of Kings, are Lawes.” Also see Mearshirer ([2001] 2014): “Structural factors such as anarchy and the distribution of power, I argue, are what matter most for explaining international politics. The theory pays little attention to individuals or domestic political considerations such as ideology. It tends to treat states like black boxes or billiard balls.” (28)

of international anarchy, the state makes decisions in the international political arena that secures its own national interests and its requirements for power (Wohlforth 2008, 134).

Therefore, the core of political realism is determination of the conditions that lead to conflict and the power relations that are behind it.

The focus on states as actors is one of the loci where Realism separates itself from the economic analysis which influenced its development. Modern economics places acting motivations within rational individuals and not collectives. Development of economic analysis of international political economy therefore focuses on the bureaucrats and representatives that serve within international organizations and how their personal interests may conflict and be congruent with “national” interests (Frey 1997; Vaubel 2013).

Some forms of Realism such as the Hegemonic Stability Theory continue to use the insights from economic analysis to theorize about the international arena. The scholars working within the Hegemonic Stability Theory posit that international stability and peace are more likely to exist when there is a hegemonic nation-state that is able to order international agreements, institutions, and interactions around its preferences. States seek to become hegemons because being so ensures survival better than many other arrangements due to the institutional realities of the international arena. Mearsheimer ([2001] 2014) identifies three conditions of international institutional structure that result in the hegemonic pursuits: the lack of international hierarchy to enforce peace, the ubiquity of offensive capabilities amongst nation-states, and the uncertainty amongst nation-states as to the preferences and goals of other nation-states (21).

Interestingly, the qualities of international hegemonic emergence have several points of congruence with the Public Choice literature that arose in the 1970s as to the viability and desirability of anarchy at the domestic level. The *Exploration in the Theory of Anarchy* (1972) shared several instances of sympathy with anarchy but almost unanimously were pessimistic as to the viability of anarchy as a stable ordering of society. Gordon Tullock's "The Edge of the Jungle" (1972), serves as a prominent example. Tullock conceived of the nation-state ultimately emerging out of the necessity of reducing the costs of cooperation. The external enforcement provided by the state reduced the total amount of violence and thereby reducing the resources devoted to predation, opening up more avenues for creativity and cooperation.

### 2.2.2 Liberalism

Competing international relations theories share focus on the possibility of international cooperation in the face of realist criticisms. These "liberal" theories hold that individuals, international and transnational organizations, international institutions, and a host of other cooperative developments play important parts in the foreign relations between states. In consideration of the neoliberal institutionalists, Evans and Newnham (1998) state that:

[w]hile not denying the anarchic character of the international system, neoliberals argue that its importance and effect has been exaggerated and moreover that realists/neorealists underestimate the varieties of cooperative behaviour possible within such a decentralized system. . . . Instead of a single agency, neoliberals favour a mixed-actor model which includes international organizations, transnational organizations, NGOs, MNCs and other non-state players. The

dynamics of international relations arise from multiple sources involving a mix of interactions not captured by the simplistic (albeit elegant and parsimonious) theories of realism/neorealism. (361-62)

The field of international institutional analysis emerged after the First World War as a study of the necessary international law and institutions for cooperation between states. Eventually the field evolved to handle theoretical considerations emerging from the increases in non-governmental institutions and their role in the growing interdependence within the international arena. Further development saw the field show concerns for the customs and procedural processes through which define the interactions within and between regimes and institutions (Krasner 1982). With the introduction of insights from game theory and microeconomics, institutionalists theorized that international relations are not zero-sum. The field developed finally as an attempt to explain cooperation in an international setting still defined by the self-interested actors of Political Realism that also contained firms and other non-governmental entities that aided in collaboration (Keohane 1984).

Along with the emergence of institutionalism, liberal international relations theories attempt to study the role and influence of an envisioned international society.

International liberalism is a group of related theories that theorizes that the attributes of international actors matter, working against the assumption of the preceding theories that states all possess identical goals (Slaughter 2011). Through domestic and transnational institutions, “state preferences” are formed which place the state in the international arena seeking to satisfy those preferences:

Demands from individuals and groups in this society, as transmitted through domestic representative institutions, define “state preferences”— that is, fundamental substantive social purposes that give states an underlying stake in the international issues they face. To motivate conflict, cooperation, or any other costly political foreign policy action, states must possess sufficiently intense state preferences. Without such social concerns that transcend borders, states would have no rational incentive to engage in world politics at all, but would simply devote their resources to an autarkic and isolated existence (Moravcsik 2008, 235).

These state preferences are dependent upon factors that are shifting and context dependent. Because liberal international theories take into account state preferences, the theories allow for a mix of motivations and actions not before explainable through previous theories of international politics.

One of the more coherent threads of international liberalism was produced by Andrew Moravcsik (1997). Through his work, Moravcsik determined that Liberal theories root their hypotheses in three assumptions. The first assumption is that globalization leads to unique demands from individuals and groups that must be satisfied through international interaction. Moravcsik (2001, 5) states that liberal international relations analysis begins where “the demands of individuals and societal groups are treated as analytically prior to state behavior. Socially differentiated individuals define material and ideational interests, which they advance through political exchange and collective action.” Interaction between individuals and groups create the patterns of conflict and cooperation that define the political landscape domestically and internationally.

The second assumption is that the state serves as the representative of a select coalition of individuals and organizations on whose preferences the state bases its own preferences.

Liberal internationalism thus takes the preferences of both individuals and groups at the domestic level to be pre-political before they are inputted into the democratic process.

For the liberal theorist, the relevant domestic representative institutions serve as a pipeline through which the public preferences are introduced, condensed, and made into the official state position. However, the liberal theorist does not assume that all preferences are equal:

Every government represents some individuals and groups more fully than others—from a single tyrannical individual, an ideal-typical Pol Pot or Josef Stalin, to broad democratic participation. We can think of societal pressures transmitted by representative institutions and practices as defining "state preferences"—that is, the ordering among underlying substantive outcomes that could potentially result from interstate political interaction (Moravcsik 2001, 6).

The liberal theorist also must determine the difference between state preferences and strategies undertaken due to the influence of those preferences. Determination of this difference allows the theorist to determine whether the values of a state have changed or whether the facts of the international arena resulted in a change in policy while preferences remained static.

The final assumption is that there is an interplay between state preferences and strategic behavior where behavior is dependent upon the computability of goals between nations. Whether interactions occur and if they will be hostile or cooperative is dependent upon the preferences of each state actor. In doing so, the liberal theorist suspends Realist and Liberal Institutionalism assumptions. Therefore, states are not treated as if their preferences naturally conflict or converge (Moravcsik 2001, 7). The focus on the



interaction between state preferences and the consequences of those interactions liberals have termed policy interdependence (Moravcsik 2008, 239). Policy interdependence takes into account the potential externalities created by the interaction of state actors in the international arena. Those externalities act as constraints upon the behavior of state actors in their pursuit of fulfilling their preferences internationally.

### 2.2.3 Elitist vs. Populist: Another Possible Delineation

Political Realism, Liberal Institutionalism, and Liberal Theory have wide gulfs between their assumptions, conclusions, and prescriptions. However, they share some similarities in how they treat theoretically the domestic democratic processes of states as well as public opinion. Realist theories focus on the unitary state as a rational actor acting to protect its national economy and national interests. The determination of these stable, fixed, exogenous interests is not of concern to Realists. Institutionalism focuses on the ability of international organizations and institutions to reduce the informational transactions costs involved with transnational governance. Thus, institutionalists focus little upon domestic democratic processes. On the other hand, international liberalism attempts to endogenize the preferences of highly influential individuals and domestic organizations. Using these rough sketches, we can attempt to divide these disparate theories into elitist and non-elitist theories of international relations (note that elitist is descriptive and not normative).

A common feature shared by the elitist paradigms of international relations is that the unit

of analysis is the state. Even when the assumption of the state as a unitary actor is relaxed, the focus is placed on the role of the statesman as craftsman of the international arena. In these theories, public opinion is seen as disruptive to the formation of responsible and sound foreign policy. Therefore, these theories would posit a world where public opinion and accounts of such opinion, such as voting, would bear little influence upon the course of a state in its international relations. Elitist foreign policies hold that experts are the best option for determination of national interests and identification of the appropriate strategies to advance and obtain those interests (Jacobs and Page 2005).

In contrast to the relatively elitist foreign relations paradigms are the relatively populist (pluralistic) paradigms. These theories posit that foreign policy ought to reflect the views of the ordinary citizens. They would look at the elitist paradigms and see signs of bias and issues with special interests capturing government.

### 2.3 Positioning Knight-Nutter

The previous section which summarized a few of the most important schools of thought within the field of International Relations covers a large set of theories and interpretations of the international arena and predictions as to how state actors will arrive at a foreign policy. A question remains as to how the Knight-Nutter paradigm would sit within the field. This section will define the specific features of the Knight-Nutter archetype.

Additionally, potential points of contact and conflict with the major schools of thought within the field International Relations are identified. This process will classify a potentially unique position for Knight-Nutter that may elucidate certain concerns within the field.

### 2.3.1 Features of Knight-Nutter: Core Assumptions

The core premise of Knight-Nutter, that foreign policy and international relations ought to be defined through government by discussion, is a concern over the stability and legitimacy of a polity. Consensus brought by discussion results in foreign policy being a function of public policy (Fleming 2019).<sup>16</sup> The unification of foreign and public policy produces an environment of stability and legitimacy. Nutter (1975c) serves as a case study as to the issues that arise when the processes of international relations and foreign policy determination do not take into account the necessity of public validity. Validity is determined by the intelligibility of foreign policies and strategies and the degree to which such policies and strategies agree with the social goals of the participating constituents. Without such validity, policy and polity become incoherent and unstable, unable to reach agreement productively. Frank Knight and Warren Nutter both offer their own unique understandings as to the process of meeting the relatively strong bar of agreement and intelligibility and also to the intensity to which each assumption about human and

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<sup>16</sup> It should be noted that by public policy Knight-Nutter are not using the familiar definition. By public policy, Knight-Nutter means that foreign policy ought to be a product and reflection of a policy agreed upon by the public.

political action must be held. However, their individual formulations also share many core traits that which we may use to find a unique contribution. Knight-Nutter can be distilled into several assumptions:

1) International Relations and foreign policy begin with a choice of system.

Fundamental to the Knight-Nutter paradigm is that a general understanding of a policy and its means and ends must be held by everyone (Fleming 2019). There cannot be any disconnects between policy performance in the international arena, governing and legislative bodies, and the public. This means that there must be a shared conceptualization of the world, a chosen system, that serves as a means through which experience and information are processed. The necessity of the general understanding of policy and performance is not just a formality for the Knight-Nutter theory. It is the means by which policy and policy makers obtain credibility and authority.

The choice of system provides principles around which domestic and international social and scientific problems are organized and solved. The principles unite the various parts of a polity and allow for the legitimacy of government and policy alike. Without an accord on the choice of system, competing principles result in the disconnect between the various parts of a polity and leave domestic and international policy adrift without clear vision or purpose. The results of these policies may promote confusion and potentially produce domestic and international social discontent. This may express itself as weakness in hegemonic authority or economic performance internationally and domestically.

- 2) Government by discussion is the process by which both legitimacy and truth are ascertained.

The conceptual definition of democracy as “government by discussion” serves as the prime mover within the Knight-Nutter paradigm. Discussion serves as a functional apparatus by which aspirations and norms are defined. After the customs and goals of a society are determined, there is discussion of the inevitable social problems and possible solutions. The result of these discussions is the truth: objective solutions to social, ethical, technical, and political problems. Without discussion, bias and prejudice may spread unchecked rendering decisions and policies unintelligent and damaging to social order and function.

Knight and Nutter both express concerns over the prevalence of unsubstantial talk replacing true discussion (Fleming 2019). Discussion acts as a tool used to determine a doctrine which will define motivations and potential courses of action. This contrasts with a slogan which animates but does not offer substance or guidance (Nutter [1976] 1983a, 293). A slogan may persuade but it will not solve social problems or international conflict. However, it will allow for policies to become personalized and disconnected which may place the control over foreign policy within the purview of a small group of actors or in the discretionary powers of an individual. That persuasion may replace true discussion makes it especially damaging for Knight-Nutter. It serves as the imposition of power over potential interlocutors and circumvents their freedom to discuss as equals.

Discussion as opposed to unsubstantial talk is united to the Knightian requirement of truth-telling. Lying, gaslighting, and other rhetorical tricks violate the requirement of non-domination, a feature of Knightian political economy ([1943] 1999, 181). In his sociological analysis of talk, Knight coins an adaptation of Gresham's Law: "cheaper talk drives out of circulation that which is less cheap" (1933, 8). Because of the relative cheapness of talk, frivolous loquacity will tend to render substantive discussion to a minority position in the distribution of communication. Cheap talk becomes incredibly dangerous when it originates from political leaders who can use their demagoguery to produce mass irrationality (8). The ability for cheap talk to break down social unity can be seen in another matter where truth-telling is important: promise-keeping. Cheap talk allows for doubt to enter the agreement between two parties, providing ambiguity and latitude for promises to be broke, lies to be told. The issue of promise-keeping and truth-telling is developed later in this chapter.

### 2.3.2 Identification of Parallels and Contentions Between Theories

Within our summary of international relations above, it is noted that the field emerged largely as a conversation about Political Realism. Consequently, many of the theories share positions and focuses. It serves our purposes to ask if there are any similarities and contradictions between the accepted theories and the imputed paradigm of Frank Knight and Warren Nutter. This section will seek to identify the major points of agreement and

contention between Knight-Nutter, Realism, and Liberalism.

The central animating concept for Political Realism is power and how actors use power to achieve goals and create or avoid conflict. How does Knight-Nutter address the issue of power? To answer this question, we need to look at the individual concerns each had about power relationships and how this task may produce a homogenous position for the theory. Warren Nutter's analysis of power relationships was an important part of his work both as an academic and as an Assistant Secretary of Defense. Within the world of international politics, power was a fact of existence. It was not a question of if a state would encounter and engage in cooperation or conflict. It would encounter both based upon national interest. It was a question of identifying with which nations a state would cooperate in order to protect against potential threats. "[I]t is the powerful" Nutter argues, "who have the capability of threatening our security. We protect ourselves by causing powerful nations and coalitions to side either with us or against potential enemies" (Nutter [1974] 1983, 280). In the context of the time in which he served as the Assistant Secretary of Defense, Nutter focused upon the power politics at play in the clash of civilizations between Soviet bloc and the Western world. He believed that "[t]he single most important fact in the present international struggle is that the East stands for the overthrow of the existing order in the civilized world, while the West, more or less, for the preservation of that order" (Nutter [1958] 1983, 224).

Nutter had a place for power not only in protection against enemies but also in the

process for establishing peace. Nations must be able to credibly threaten the potential for defense or retaliation in order to prevent violence or invasion. The realization of the potential for damage and destruction places limits upon the ambitions of nations who may have interest in the change in the current state of affairs. Nutter's acknowledgement of this did not mean that he believed discussion to no longer have a place in international relations. One can glean this from a lecture he gave at the Naval Aviation Executive Institute. While speaking about the use of power internationally and the necessity of influence for national security, Nutter states that international peace and national security rely on the existence of "a solid foundation of institutions that will endure beyond the prime of any single person" and that "diplomacy and summitry are absolutely necessary" (Nutter [1974] 1983, 285). These statements are echoed by Keohane (1984) which approaches international organizations and agreements as institutionally sticky and thus continue to survive after the decline of hegemons because they produce stability within the international order. However, the historical setting of revolutionary government and world mission made recognition that stability is contingent, conflict or its threat may soon arrive, and deterrence will be necessary (Nutter [1969] 1983, p. 249).

The issue of power politics and relationships also is central to the work of Frank Knight. In regard to his work on social philosophy, a large amount of his thought is devoted to the issue of power imbalances. Imbalances interfered with the process of solving social problems equitably (Knight 1960, 11). The result of the process therefore could not be True. Knight also worried about the relationship between power and freedom. As



individuals gained freedom in the limit, they would be able to wield great power over others: “A relevant treatment would recognize that serious inequality of power, especially economic power, limits the effective freedom of the weaker party and, if extreme, destroys it, making him helpless. And it also corrupts both the stronger and if extreme, destroys it, making him helpless” (174) Therefore, freedom could not serve as a cure for the issues of power relations. In these cases, Knight recognizes that coercion must ameliorate social ills:

And still less can society do so-let alone allow each unit to use all its own resources as it pleases, whether or not manifestly incompetent or inclined to evil; nor, on the other hand, can society force a unit to depend on its resources alone. It is absurd to treat either "costs" or "utilities" as pertaining only to the "individual" or more real unit, ignoring the vastly important "external" items on both the ends and means sides of the account. Men must live in families and an infinitely complex series of larger more or less unitary groups. And where no one is responsible for a helpless person, society through government must afford protection, guidance, and support. Compulsion must even be used to prevent some adults from harming themselves, and more to prevent their harming others or the social order, or to make them carry a fair share of the common burden (1966, 176).

Recognition of the necessity of coercion does not preclude concern over the use of force. Knight (1935, 205) notes that moving from the regulation of competitive marketplaces to regulation by democratic politics is if one were “to jump from the frying pan into the fire.” The reason for concern is that those involved in the regulation of ills will not be omnibenevolent public servants but social reformers with varied interests wielding “the monopoly politics of dictatorship” (205). The use of monopoly is important as Knight saw the means by which central planners would solve the ills of economic inequality as through the use of an ever-growing monopoly, a tool which when used would come at the

cost of freedom ([1944] 1982, 431).

The issue of the importance of power is both one of similarity between Knight, Nutter, and Realist theorists and a point of contention between Knight and Nutter. How do we solve the tension between Knight and Nutter while still maintaining a coherent link between the two? To make sense of the tension, we must de-homogenize the Knight-Nutter apparatus and look at where the disconnect actually occurs between the two theorists. Perhaps ironically, the answer may be found within the similarities between Knight-Nutter and Liberalism.

While both Warren Nutter and Frank Knight had their idiosyncrasies, both considered themselves well within the liberal tradition. The term “government by discussion” comes from the liberal tradition starting with Adam Smith and John Stuart Mill and then is inherited by those such as Lionel Robbins, Knight, Nutter, Milton Friedman, James Buchanan, and Amartya Sen. As liberals, Knight and Nutter accept economic liberalism and democratic politics as essential for society to be free and prosperous (Knight 1951). For Knight, the democratic process is instrumental in society being free but also in the determination of what a society wants. Unlike the assumptions made by liberal international relations theorists, Knight does not take social preferences as pre-political

and given.<sup>17</sup> They are the product of the democratic deliberative process. As such social preferences are subject to the same truth requirements as all forms of discussion.

Knight contextualizes his arguments within the common democratic state model familiar to American and Western European readers as it is the most fitting to the process of solving social problems where a representative government is elected by a free constituency. Within this mental model Knight inserts his discussion requirements which we may use to propose a two-stage process of truth-seeking within a democratic polity. This exercise draws upon Buchanan and Tullock ([1962] 1999) as inspiration for recognizing the processes at play.<sup>18</sup> Buchanan and Tullock propose a two-tiered model of political activity where at the higher order constitutional rules are determined behind a veil of ignorance in order to constrain attempts by the interlocutors to strategize for their own personal gain. Without specific knowledge of their own position in the post-constitutional distribution, the actors unanimously agree to rules that will approach a just

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<sup>17</sup> Preferences as a product of democratic deliberation and thus part of the democratic process is also espoused in Sen (1995, 17-18): “Similar issues arise in dealing with environmental problems. The threats that we face call for organized international action as well as changes in national policies, particularly for better reflecting social costs in prices and incentives. But they are also de-pendent on value formation, related to public discussions, both for their influence on individual behavior and for bringing about policy changes through the political process. There are plenty of “social choice problems” in all this, but in analyzing them, we have to go beyond looking only for the best reflection of given individual preferences, or the most acceptable procedures for choices based on those preferences. We need to depart both from the assumption of given preferences (as in traditional social choice theory) and from the presumption that people are narrowly self-interested homo economicus (as in traditional public choice theory).”

Sen potentially is the first to elaborate on this point within mainline economics after the separation from mainstream economics documented by Boettke (2012).

<sup>18</sup> Nutter was not excluded from constitutional thinking: “The first task is to decide who is to make the decisions. Put more broadly, it is to choose the economic system. I would argue that this is the foremost task, to which all others are quite subservient. Viewed in this context, the fundamental problem is not one of making the rules to guide social activities, but rather one of making rules for making rules. The Constitution come first, and then specific laws and policies” ([1968] 1983, 43)

outcome. The second stage of their model is the production of government policy subject to the agreed upon rules of the earlier constitutional stage. Similarly for Knight, discussion occurs between individuals to determine social goals, potential problems, and broad solutions: “The broad crucial task of free society is to reach agreement by discussion of the kind of civilization it is to create for the future; hence it must agree on the meaning of progress ([1956] 1999, 407).”

If a polity is democratic, the social problems that cannot be solved at the lower levels of association will then be submitted to elected representatives (Knight [1935] 2011, 288). The elected representatives are responsible for seeking solutions and communicating the specificities of policy. For Knight, an important qualification is placed upon both the public and the elected representatives: both groups must be truth-seeking. Therefore, the deliberations of the public and the elected representative bodies must produce a consensus that does not reflect coercion or bias. Knight (1960, 27) requires unanimity in principle but relaxes the requirement for the function of democracy: As agents of a truth-seeking constituency, elected representatives serve as truth-seeking proxies which ought to approximate the truth well enough and produce solutions and policies which will be agreeable to the entire electorate. Here the influence of Rutledge Vining must be noted. During his debate with Tjalling Koopmans, Vining emphasized the incompleteness of economic theory as a definite restriction on its ability to serve as an encompassing source of advice for policy. Within this critique, Vining noted that the goals and preferences of the group do not necessarily reflect an aggregation of the goals and preferences of all

individual components: “I think that we need not take for granted that the behavior and functioning of this entity can be exhaustively explained in terms of the motivated behavior of individuals who are particles within the whole. It is conceivable – and it would hardly be doubted in other fields of study – that the aggregate has an existence apart from its constituent particles and behavior characteristics of its own not deducible from the behavior characteristics of the particles. We should work toward an explicit delineation of the entity itself – its structure and functioning – and the role that hypothesis and formal theory play in the stages of this growth of understanding is subtle and irregular. (1949, 79)” Vining here also owes a debt to Knight ([1935] 2011) who critiqued the advent of statistical economics as the competition between static and dynamic economic inquiry where dynamic economics were defined as “evolutionary or historical” (159).<sup>19</sup>

Nutter supplies us with enough to approximate a two-tiered system for use in international relations and foreign policy determination. As before, the truth-seeking polity determines social problems and goals through discussion which are then submitted to the elected representatives for further discussion. Then the representatives produce

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<sup>19</sup> Knight also provides a scathing critique of the quality of statistical economics: “Rigour would demand a community of immortal individuals who never learn nor forget and never change their minds or tastes, absolutely standardized commodities and implements and processes of production, and resources which can neither be increased nor used up nor misapplied, In the mathematical treatments, one would expect such rigour. In fact these authors assume rather a sort of statistical uniformity which sacrifices realism without achieving the definiteness needed in deductive theory. Moreover, their systems of equations strive rather ineffectually to get beyond a general *a priori* instability for any position of the system other than that of perfect equilibrium. They are not seriously to be compared with the equations of mechanics which show the magnitude and direction at any point of stresses associated with disequilibrium, and of their resultant” ([1935] 2011, 164).

policy in response to social needs. Regarding international relations, the elected representatives generate a foreign policy that attempts to meet the public's international desires which include security, access to markets, and immigration. A complication arises due to the international arena being a level of association above that of a national legislature. The public is not privy to all information due both to social distance and to the necessity of state secrets and issues of national security.

Power politics provides complication for Nutter's formulation of the Knight-Nutter apparatus as it directly violates the discussion guidelines provided by Knight. Violation of the discussion process collapses the system and results in possible social failure. The issue comes from attaching international politics on as an appendage to the two-tier deliberative process. When the possibility of conflict emerges in the public, discussion may produce a solution, or the problem may be passed to the elected representatives for further discussion and resolution. Within international politics, the theoretical apparatus possesses no international representative body to which conflicting nations may submit their issues and reach a deliberative solution. That does not mean that discussion is not possible in the model at the international level. Nutter believed that discourse was the main source of peace between non-belligerent nations: "It is surely correct that the antithesis of conflict is rational discourse with the view to resolving problems through voluntary agreement. This is what we mean by government by discussion" (Nutter [1969] 1983, p. 245). The issue is that belligerent nations are belligerent because they are not open to rational discussion. This insight sounds obvious but also reflects an observation

made by Adam Smith. Smith argued that intelligence is a necessary tool with which humanity frustrates the emergence of prejudice for one's home which makes international interaction a zero-sum affair. The state is an entity that is completely partial. The inability for it to reach the part of the impartial spectator makes conflict almost inevitable (Smith [1759] 1982, 231).

Analysis of the separate apparatuses used by Knight and Nutter shows that the tension between them with regards to power is not the result of disagreement but the result of the model being extended beyond its robustness. Nutter acknowledges this when he says that we "must be careful to recognize that bargaining, negotiating, and compromising often go beyond the bounds of rational discourse among friends bent on reaching peaceful consensus, particularly in the area of international diplomacy" (Nutter [1969] 1983, 245). Because there is no theoretical international deliberative body, the desire for peace and cooperation must be born from the national deliberative process. International politics still introduce complexities into the national deliberative process due to the information asymmetries between the public and the representative bodies with regards to security and other secrecy issues. Asymmetric information has the potential to break down into a principal-agent problem which leads to social and governmental instability due to production of policy lacking public assent. The problem is exacerbated if the policy is carried out in a manner similar to that performed by Kissinger and later critiqued by Nutter (1975c).

Knight and Nutter placed emphasis upon the process of deliberation because they define

process as the point of analysis for both political economy and social philosophy. Knight (Knight [1956] 1999, 394) argues that there are no social problems without democracy for it is impossible for problems to be determined without discussion and there can be no solutions if problems do not exist. Nutter ([1973] 1983, 261) argues that “results are no more ideal than the processes through which they are achieved. . . . Indeed, it is the process of discussion and deliberation leading to consent that forms the philosophical core of our traditional political system, the assumption being that the right process generates, by definition, the best possible results.” This applies equally well to issues of economic organization and distribution. Lionel Robbins’ definition of economics as the distribution of limited means that have alternative ends matters only if there is a social problem of allocation (Backhouse and Medema, 2009). For Knight and Nutter, it is not clear that the economic problem can be reduced so formally. Nutter states that “there is no difference between what a society does and how it does it. The means are what counts, not the ends, if indeed ends have any meaning independent of means” (Nutter [1963] 1983, 33). Further emphasis on this point may be gleaned from Nutter’s critique of welfare economics. Outcomes cannot be judged independent of the paths taken to reach the end state. The paths an economy takes alters the composition of the economic architecture as the policies lead it to the desired optimum and indeed may change the optimal choice for this new economy to one less desirable (Nutter [1968] 1983, 43).

The possibility of social and governmental instability required Knight and Nutter to place constraints upon the deliberative process through the choice of a system consisting of



foundational ideals or principles emerging from the deliberative procedure. This system would provide a framework for which deliberations and deliberators' minds would be focused thus reducing the chance of political drift (Knight [1943] 1999, 170). Knight's conception of ideals is complex and related to his view of cultural evolution. Emmett (2011) recounts Knight's theory of cultural evolution as the product of the interplay between deliberative individuals and institutions which were also the product of deliberation. Agreement must be reached about the institutional arrangement of a society which in turn defines the possible development of a society (Knight [1943] 1999, 183). Knight identifies deliberation as the unique addition of liberalism that changed the relationship between individuals by giving them agency in the process of social progress ([1951] 1999, 385).

Ideals that are the result of the deliberative process between individuals become a feature of the culture of human society. The principles accepted through discussion provide definition to the culture and place limits upon the directions that discussions may take. This of course is antithetical to Knight's conception of democracy and liberalism. To place restrictions upon what may be discussed and what conclusions may be acceptable is to cut out the process by which society may remain creative and find all possible solutions to their social problems. Otherwise, the deliberative process may become subject to forces of absolutism and authoritarianism. Knight ([1951] 1999) was particularly concerned about this possibility and required that ideals be the result of independent inquiry such that they are not subject to coercion by the "romanticism" of

moralism or scientism. Moralism and scientism strangle or eliminate the deliberative process by making a claim to determining absolute truth:

There is much truth in both these positions; the error is in accepting either as true to the exclusion of the other (and still others), i.e., in the romantic disposition to oversimplify the problem. On the one hand, human nature is undoubtedly “sinful,” and, on the other, the mind makes mistakes in the choice of means to achieve given ends. It is easy and attractive to generalize from either fact, and make it explain everything, and particularly attractive to account for the ills of society in terms of either the sins or the errors of other people. (Knight [1946] 1999, 311)

In order to prevent the emergence of such destructive forces, Knight focused on the relative absoluteness of a culture’s ideals and principles. This brought the ideals into the political process and subjected them to re-deliberation such that what a culture holds dear may evolve as the people, processes, and emergent problems evolve. Deliberation upon the ideals and other facets of culture effectively endogenizes what more mainstream social sciences formally consider pre-political and allows for them to serve as a framework and set of rules which guides future social action (Boettke 1998).

Ultimately, the strictness of the requirements placed upon the deliberative process and his pessimism of the ability of individuals to consistently bring scrutiny to their principles frustrated Knight. This is unsurprising as he found issue with any system of ethics for which anyone has argued. Nutter, like many of Knight’s students, did not suffer as much with the doubts of his mentor. He produced a fairly straightforward answer as to which foundational principle met the task of grounding a modern liberal polity: freedom. Freedom, Nutter notes, served as a founding principle of the United States which

continues to inform all deliberation and thus defines the paths which the nation and its populace take (Nutter [1975] 1983b, 19). What made the American Revolution successful was the presence of a dynamism within its economy that found expression in an energetic society.

The governing American philosophy, though hard to identify given the complexity and contradictions existing within the early period of the republic found more in common with an ethic of individualism, an expression of freedom which implied “liberty for the citizen. . .; power for the citizen, mainly in the form of private property, to realize his potential; humanitarian concern for the less fortunate and incompetent; and equality of all citizens before the law and of the electorate within the polity” (9). Freedom found its formulation in law rather than in social philosophy due to the dearth of political economists in the United States relative to Western Europe (Fetter [1943] 1965, 489; Nutter [1975] 1983b, 10). An unfortunate consequence of this, Nutter believed, was freedom becoming an instrumental value rather than intrinsic. Thus, when the Progressives sought to overturn society in the nineteenth century, their work was accompanied by a change in ideas as much as a change in methods (14). Freedom could be dismissed as a failed means without concern for it being properly an end in itself.

Frank Knight, in his consistently expressed concern about the prospects of liberalism, unsurprisingly had many thoughts about the centrality of freedom as a principle and the costs and benefits of many self-expressed liberals being beholden to the concept.

Freedom, Knight contended, could be considered at three different levels of analysis: freedom “as a fact, as a desideratum, and as an ideal or value” (Knight [1943] 1999, 166). As a fact, freedom is “a prerequisite to all discourse, even to all thinking” (170). Ultimately, consideration of freedom at this level reduces to the understanding of freedom as the ability to act or to choose. As a desideratum, Knight considers if an individual has the power to act. The power to act is related to the possibilities available to an actor (168). The inability for an individual to do something does not mean that the individual experiences a lack of freedom as a fact but may as a matter of power. The inability to act may be the result of changes in the living contexts for an individual. This requires a redefinition of the possibilities available to the actor and thus results in a redefinition of bounds of freedom experienced. The individual that goes from isolation to civilization (in the sense of living with others) will face new constraints upon acceptable behavior. These constraints, as they arise from intelligent deliberation between actors, becomes law for the new society (173). Only societies that consist of law emerging from discussion may rightly be considered “free” societies.

This examination of the freedom allows us to gain insight into a particular critique Warren Nutter offered with regards to the United States’ involvement in the Vietnam Conflict and what was owed to South Vietnam. Nutter ([1975] 1983a, 275-79) argues that the fault of the United States’ strategy in Vietnam was its attempt to accomplish its goals by itself and not enlisting and empowering the South Vietnamese. The process Vietnamization, a process which Nutter himself headed, empowered to South Vietnamese

to control their own defense and sustain the eventual decline in US troop presence in the region. Nutter provides approbation for this system as respectful to both the commitment of the United States as well as respect for the sovereignty of South Vietnam. However, he finds fault in the aftermath. Continued hostilities between North and South Vietnam and the economic stress created by the withdrawal of the United States left the South Vietnamese economy in dire straits. The United States had promised the continued supply of armaments to the South Vietnamese, at least implicitly, through the Guam Doctrine. However, the United States did not continue the supply chain and the results are well-known. Nutter does not claim that US support was the difference between the successful defense and loss of South Vietnam. His concern is that a promise was made through the Guam Doctrine to support all states fighting against aggression and the US did not keep its word. This, in Nutter's terms, violated something that we owed to ourselves (278). On its own, this is an odd critique. However, when contextualized through Knight's understanding of freedom and its requirements, some light is shed. As we have seen, for Knight there cannot be coercion if there is to be freedom. That includes how one acts in relation to keeping their word. One must keep their promises completely in order to avoid manipulation of the one to whom things are promised (Knight [1943] 1999, 178). Promise keeping serves as a stability condition for the repeated game that is society. When the United States failed to keep its promise to South Vietnam, it did not just make success for the South Vietnamese even more precarious. It violated the principle of freedom and the nation's commitment to it. The failure of foreign policy to align with the proposed ideals of the nation shook the foundation of the country and any

coherent understanding of a uniting principle.

The preceding analysis of the elements of the Knight-Nutter paradigm located the primary theoretical apparatuses that would allow for predictive process of international relations and foreign policy proposal. In addition, the theoretical and philosophical arguments for the validity of each apparatus was situated in the space of international relations theories. As we have seen, there are many overlaps between Knight-Nutter and the Realist and Liberal theoretical groups. However, there are important parts of Knight-Nutter that do not fit into either camp. Knight and Nutter's focus on the importance of discussion and the ideas produced then used in the construction of society and the higher order further economic and democratic practices come into conflict with the purely rational nature of Realism and Liberalism. Evans and Newnham (1998) summarize the issue:

Both (realism and neoliberal institutionalism) are similarly obsessed with conflict and cooperation within a self-help environment and therefore critically assume that actors behave as egotistic value maximisers. Most importantly neither approach critically addresses the normative presuppositions of the anarchical order they work within. In this sense, both accept the prevailing definition of the situation and both are embedded within a privileged, status quo conception of international relations and eschew explanations of approaches not based on rational choice theory. (362)

While some versions of International Liberalism enter national preferences into its maximization process, the preferences are aggregated into a national goal and are not important for the meaning they provide. Liberalism of this sort does not recognize the "why" but only the "what" of preferences due to considering preferences to be pre-

political. Knight-Nutter, by bringing preferences into the democratic process, straddles itself between the positivist and post-positivist arms of international relations studies. This places Knight-Nutter nearer to theories such as Constructivism. Constructivist theories posit that the contextual nature of the choices made in international politics and foreign policy matter. Our understanding of the specific goals or positions taken by state actors tells us something about the values of the people living in a state rendering the realist and international liberal assumptions of states as seekers of power and wealth as almost uselessly abstracted.

## 2.4 The Problem of Expertise

The emphasis placed upon discussion and deliberation in the work of both Knight and Nutter places particular attention upon the use of expertise, a ubiquitous tool in foreign policy and international relations. Similar to the issue of secrecy discussed in the previous chapter, expertise poses a challenge for Knight-Nutter because of the potential for the reduction, hinderance, or elimination of discussion. Without the deliberative process, the maintenance of civic society becomes difficult and may result in the rupture between policy, policymakers, and the public. Expertise becomes problematic when the discussion between experts replaces the proper deliberative process or the information brought by experts is seen as more authoritative than public opinion and thus discussion is abandoned (Turner 2001, 123).

Privileging information or opinions provided by experts creates an inequality in position and power between experts and the public. Within the Knightian framework, the interaction between public opinion and expertise results in a form of coercion if the public is not given the opportunity or the ability to confront the legitimacy of the expert and expertise. Levy and Peart (2017a, 9-10) note that in the public policy space, this creates an avenue for regulatory capture due to the expert being shielded from questions of legitimacy as well as accuracy. In a particularly salient example, they provide the account of Warren Nutter's study of Soviet economic growth and its subsequent disregard by the academy as well as by government officials (110). Academic consensus built around the Soviet economy having the potential to outpace the American economy, placing the US at both economic and existential risk. Nutter's conclusion that the Soviet economy grew at a much slower pace than the United States led to ostracism (Chodakiewicz, 2013).<sup>20</sup> Due to the acquiescence to experts and their models, the eventual collapse of the Soviet Union and the relative correctness of Nutter's studies proved confusing.

The solution to the problem of expertise in foreign policy, as with the problem of secrecy, has no simple answer. Legitimacy of advice cannot be judged accurately when a knowledge inequality exists between the public and the foreign policy elite. Levy and Peart's (2017a) potential solution of a trial-by-jury process may not be available if a

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<sup>20</sup> Email correspondence with Dr. Chodakiewicz (2016) revealed that he learned of Nutter's ostracism from Dr. Adam Ulam, Sovietologist at Harvard University while Nutter was at Yale.



representative sample knowledgeable enough even to understand the issues cannot be found within the public. Again, we must turn to the potential answer provided by Nutter ([1976] 1983a, 300): transparency must be made necessary when discussions between experts occurs, the topics being discussed, and their eventual conclusions.

Focus on transparency opens up the channel to regaining a consensus as to the proper foundations and path for foreign policy. Without transparency and the ability to form consensus, the practice of international relations becomes a bureaucratic playroom for “value-free creativity,” divorcing an entire governmental activity from public ideals (Nutter 1975b, 16). The lack of transparency necessitated by the need for state secrets and other strategic concerns is exacerbated by the ability of factional influence to become the primary influence in foreign policy. Jacobs and Page (2005) describe how small groups of the relatively influential and wealthy may be the chief concern when public discourse does influence bureaucratic decisions.

The problem of transparency in international relations begins to look like the problem of transparency in Economics described by Tullock ([1966] 2005, 158).<sup>21</sup> For Tullock, lack of consensus signals a factional discipline which cannot be scientific. Therefore, incentives have to be in place for economists to produce work that proves repeatable and thus subject to becoming the consensus view of the science. This problem becomes more

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<sup>21</sup> Tullock’s concern with biased expertise and the role of incentives in science proved to be an important qualification to the Michael Polanyi’s view of the “Republic of Science (1962).” For more on the connection, see Levy and Peart (2012a).

complicated when one considers if the factions involved in foreign policy have any relevant competencies. Polanyi's (1962) vision of "overlapping competences" as a self-governing mechanism for science looks dim if the inputs to the practice are by nature ideological. However, to quote Frank Knight, it is equivalent "to call a situation hopeless and to call it ideal" (Knight [1935] 2011, 36).<sup>22</sup> We must do the best we can in the situation in which we find ourselves. Transparency into which groups influence which bureaucratic agents and the direction of their influence may be a marginal improvement over current trend. If we cannot know every facet of foreign policy, we can at least know the inputs into it.

## 2.5 Conclusion

Throughout their writings, Frank Knight and Warren Nutter sought out to identify the means by which a free society may identify and maintain its ideals and the liberty of those within the society and in the international world. Using their writings, this chapter recognized the roles played by the understanding of democracy as government by discussion and the determination of principles that factored into a model of the deliberative process informing the opinions of both men. The deliberative process places great constraints and burdens on those in a society to speak clearly without bias and to take responsibility for their words. It is only through this process that society may

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<sup>22</sup> Knight ([1949] 1999) responded negatively to Polanyi's work. He did not believe that it was possible to use scientific discussion to solve social problems. Emmett (2020, 311-12) records Buchanan's dismay at and ultimate rationalization of Knight's reaction.

identify its goals and progress.

The extension of the model to analyze international relations and foreign policy allows for us to identify Warren Nutter's criticisms of Henry Kissinger as emerging from a unique Knight-Nutter paradigm. Within the broader theories of international politics, Knight-Nutter marks one of the earlier attempts at endogenizing the preferences of state politics. Imposing the restrictions of the Knightian deliberative process on statesmen and foreign policy makers exposes the weakness upon which a foreign policy may stand. It is difficult to ascertain the appropriate international strategy without democratic legitimation from a public that may not fully understand the problems that foreign policy attempts to answer. Transparency is necessary in order to ensure that goals and processes are united in a manner easy to explain in order to develop the necessary consensus.

## HETEROGENEITY IN THE VIRGINIA SCHOOL

### 3.1 Introduction

During the early period of the Virginia School of Political Economy, the economics department at the University of Virginia managed to stand out from both the major and middling academic programs in the United States. This ability was due to the unique methodological commitments exhibited by the dynamic faculty recruited to the university during the 1950s and 1960s. The work of James Buchanan, Gordon Tullock, and Ronald Coase are recognized and held in high esteem by most of the academy in regard to monumental contributions to 20<sup>th</sup> century economics. However, the department featured many other personalities that made their own impact upon the field. Two of those individuals were G. Warren Nutter and James R. Schlesinger.

Nutter, as discussed in the previous chapters, was a vital contributor to the University of Virginia economics department as well as the Thomas Jefferson Center. While his time as an Assistant Secretary of Defense has been well-documented, he also served as the director of the Thomas Jefferson Center as well as an active academic economist. Nutter's presence and intellectual influence has been noted by many others.<sup>23</sup> His magnum opus *Growth of industrial production in the Soviet Union* (1962) proved both controversial and prescient (Levy and Peart 2015). It also recalled the debate between

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<sup>23</sup> See, for example, the collection of essays *Ideas, Their Origins, and Their Consequences: Lectures to Commemorate the Life and Work of G. Warren Nutter* (1988).

Rutledge Vining and Tjalling Koopmans, a debate which defined the developmental path of econometrics as well as the founding of the Virginia School (Levy and Peart 2020, 3-7).

Schlesinger is another important figure in the history of the Virginia School. Although his tenure was relatively short, he proved to be important both in defining the contours and boundaries of thought between the different scholars. Interestingly, he had similar paths of inquiry to Warren Nutter as both found themselves working on questions of national security both academically and within the government. Schlesinger's departure from the University of Virginia also proved to be a defining moment in its history and the beginning of the decline and dismantling of the department.

The importance of Schlesinger's departure and the surrounding controversy cannot be understated. As a consequence of his and other scholar's departure, the University of Virginia conducted a "Self-Study" report to determine why young, promising scholars were leaving the institution. The resulting study found that the economics department suffered from a lack of viewpoint diversity.<sup>24</sup> Administrators believed that the faculty's supposed connection to a certain "point of view" stifled academic freedom, inquiry, and dissent. As a result, the university placed administrative and political pressure upon the economics department and Thomas Jefferson Center that ultimately led to the

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<sup>24</sup> For an introduction to viewpoint diversity, see Musa al-Gharbi (2019): <https://heterodoxacademy.org/blog/viewpoint-diversity-transcends-politics/>

dismantling of each.

This chapter will investigate the claim of viewpoint homogeneity and show that there was much more variance between the scholars that previously believed. The argument will proceed as follows. In the second section, I will assemble evidence for the marked differences in viewpoints between Warren Nutter and James Buchanan. These two figures are chosen both because of their stature within the Virginia School of Political Economy as well as their overlapping tenures at the University of Virginia and involvement in the Thomas Jefferson Center. In the third section, I will document the connections between James Schlesinger and Warren Nutter's differences with James Buchanan through the use of archival material. The evidence provided will show that there was grave difference expressed over one of the main projects of the Virginia School, politics as exchange. The fourth section concludes.

### 3.2 Importance of Heterogeneity in the Virginia School

To understand the importance of identifying heterogeneity in the Virginia School of Political Economy, one must understand the intellectual history of the school and those associated with it. Perhaps the most important event in the history of the Virginia School is the founding and failure of the Thomas Jefferson Center for Studies in Political Economy and Social Philosophy at the University of Virginia. Boettke and Kroencke (2020) offer an in-depth review of Buchanan's planning document for the center and

insight into what Buchanan and the rest of the members of the center were trying to accomplish.

The founders of the Thomas Jefferson Center, Buchanan and Warren Nutter, worried that political economy had lost all its grounding in the moral philosophy from which it sprung. In place of curiosity and understanding, departments now produced graduates with technical skills but narrow questions. The center, as a result of its interdisciplinary nature, would produce scholars that were interested in answering greater breadth of questions than what orthodox programs produced.<sup>25</sup> Buchanan and Nutter saw the purpose of the program and its atmosphere as one in which they could “save the books” (Buchanan [1983] 1988, 130). They would work to recover and revive more classical forms of political economy and economics that were being pushed to the wayside and facing the threat of being lost.<sup>26</sup>

In a memo to the University of Virginia, Buchanan states that the faculty and students must “dare to be different” (1962; Boettke and Kroencke 2020; 237). Striking out against

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<sup>25</sup> Buchanan’s view on the production of true “social philosophers” is in line with many of the concerns over the changes in liberal arts education (Buchanan 1956; Boettke and Kroencke 2020, 234). See, for example, St. John Henry Newman’s *The Idea of a University* ([1873] 1982).

<sup>26</sup> The idea of “saving the books” as a retrieval and revival of former orthodoxy has interesting implications. The historical claim to legitimacy emphasized by Buchanan and Nutter through their saving of a body of knowledge that may be lost could change what is defined orthodoxy and heterodoxy. Reverend Paul Scalia (2017) notes that the divine command issued by Jesus to collect each morsel of bread and fish after their multiplication so “that nothing may be lost” (Jn 6:12) comes from the fact that totality of the food came from God and thus each minute piece bears a piece of Him, of the Truth (13). When taken figuratively, this lesson charges the Church with passing along the teachings of the faith, the Truth, *in toto*. This is the bounds of orthodoxy. To do otherwise and focus on a specific aspect of the Truth to the deprivation of all or some other aspects makes one a heretic (from the Greek “to choose”) and place oneself outside of orthodoxy (16).

orthodoxy would be the margin upon which the university would compete with the more prestigious institutions. As Nutter stated in a letter to Ronald Coase:

We have in mind trying to build a rather distinctive little “school,” since we cannot hope – nor do we much care – to diversify in the grand manner of the giants of our profession. With studied diversification, we could be at best a third-rate faculty. Following the other track we may be able to do a useful job and to collect an interesting faculty and student body. (Nutter 1956)

Being different would provide the means for the University of Virginia, its economics department, and the Thomas Jefferson Center to be successful and receive recognition while also producing the type of scholars necessary to ask and answer pressing social questions. Its unorthodoxy relative to the more prestigious institutions such as Harvard and Yale would feature heavily in its unceremonious downfall (Levy and Peart 2014, 11).

One of the main accusations against the Thomas Jefferson Center was its apparent uniformity in ideology. Levy and Peart (2014) recounts the accusations of ideological narrowness made by Kermit Gordon in his assessment of the Thomas Jefferson Center’s application for funds from the Ford Foundation. However, this was a claim against which Buchanan and Nutter vigorously fought. Buchanan’s attempt to defend the Center as methodologically homogenous but not ideological, although a failure, is indispensable. The issue appears to have arisen through confusion about the main mission of the Thomas Jefferson Center. Rather than produce ideological or policy relevant research, the center and its scholars intended to revitalize an older form of political economy that had



been replaced by the more formalistic approaches of contemporary economics.<sup>27</sup> What united the scholars was an agreement on methodological approaches rather than on policy prescriptions. Unfortunately, the Ford Foundation and its officers could not move past the Thomas Jefferson Center's stated goal that the "free society is worth maintaining (Buchanan 1956-1957, 3; Boettke and Kroencke, 236)." They interpreted this as an ideological commitment to "conservative" political positions and economic interpretations.

At the time of the founding of the Thomas Jefferson Center, economics as a discipline was undergoing changes in scope and methods. The result of working in a tradition outside of the mainstream of academic economics was work that at times produced results at odds with orthodoxy. Because their work did not match the results of the growing consensus amongst those who had guided the growth of contemporary formalistic economics, it was believed that the Thomas Jefferson Center intended to hire political and economic dissidents and influence the profession in a manner similar to the University of Chicago and its so-called Chicago School of Economics.

In addition to the work being produced being out of orthodoxy, there were questions of the quality of training that economists received at the University of Virginia. The "Self-Study Report" (Levy and Peart 2020, 255-257) produced by the university found that the

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<sup>27</sup> As a unique instance of this phenomenon, see Levy and Peart (2011) on the causes of American textbooks' optimism for Soviet economic growth.

graduates of the economics department lacked in certain technical and formal skills.

However, co-authorship increased rapidly at the University of Virginia at this time. Often the relationships involved someone with a higher degree of mastery of these formal tools.<sup>28</sup>

Modern critics of the Virginia School of Political Economy continue to appeal to the idea that the Virginia School served as an ideological bastion for now out-of-style political positions. From this bastion would emerge anti-government and anti-democratic polemics. For example, Nancy MacLean (2017) adopts this narrative to show that Buchanan orchestrated a major conspiratorial ideological campaign against American democracy through his work and network of faculty under the influence of “right-wing” funding. This narrative has the ability to both disparage and neuter the effectiveness of those associated with the Virginia School past and present due both to the rhetoric employed and the interdisciplinary nature of the attack. Identification of heterogeneity between those associated with the Virginia School of Political Economy is important due to the continued critiques of the ideology of those involved with the school.

### 3.3 A Case Study of Heterogeneity: Nutter/Schlesinger and Buchanan

When choosing which actors to investigate for evidence of heterogeneity, it becomes

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<sup>28</sup> The importance of co-authorship is covered in an unpublished manuscript by Levy and Peart (2012b). They identify the co-authorship between Otto Davis, one of Buchanan’s first graduate students and Melvin Hinich. Together they made multi-dimensional spatial voting models, models that are part of the backbone of positive Public Choice economics, mainstream.

important to take into consideration that the station of the subjects determines the poignancy of the example. Recognizing this, Buchanan and Nutter serve as excellent subjects for examination for this project due to being the founders of the Thomas Jefferson Center at the University of Virginia and thus around since the nascent state of the Virginia School. James Schlesinger was also present at the early stages of the Thomas Jefferson Center and existed as an important foil for Buchanan's work.

### 3.3.1 The Knightian Criticism of Buchanan's Positive Economics, Welfare Economics, and Political Economy

One of the lessons from Nutter and Knight is that it is important to take seriously social goals as a product of deliberative choice. The goals are endogenous to the society itself and emerge through a discussion about how a society ought to live and function. Fleming (2020) shows how Nutter and Knight expressed opposition to the New Welfare Economics formulation as attempting to optimize movements towards social optima that were constantly under discussion and thus not global.

Buchanan (1959b) expresses the desire to produce an endogenous economics of politics that allows for real compensation and therefore a society of sympathetic and sympathizing individuals as opposed to optimizing automatons. We find in a letter between Aaron Director and Buchanan an account of Nutter's reaction to Buchanan's 1959 article. Buchanan states that Nutter asserted that the piece put forward an economics of anarchy, a charge with which Buchanan did not disagree:

After he had carefully read the paper, Warren Nutter made the comment that I had written the Economics of Anarchy. I think this point is correct, as both you and Stigler imply. There is no room for state action in my approach if this is defined to mean involuntary coercion. There is, however, room for collective action as opposed to individual action. I think that your dichotomy of state vs. private action tends to be misleading here. The dichotomy of individual and collective action on the one hand and voluntary and coercive state action on the other seems more applicable here. Inherent in my approach is the notion that collective action by the whole group must be, in a sense, state action. Only if I know that I am voting for a policy that will effect [sic] everyone will I agree to a change. This is the idea stressed at length by Baumol (Welfare Economics and the Theory of the State). In other words, my notion of unanimity allows that individuals may agree to allow themselves to be coerced in their individual behavior. (Buchanan 1959a; Levy and Peart 2020, 144.)

Nutter's reaction is interesting given the various connections between both he and Buchanan as well as their connections to Frank Knight.

The reported response to Buchanan's essay is the only known extant commentary on scholarship between the two colleagues. Buchanan's agreement with Nutter's characterization of the work does not seem to acknowledge that it potentially served as a negative critique in Knightian terms. Central to Knightian social philosophy is the existence and maintenance of order:

It is easy to condemn a social arrangement because it runs counter to some ideal and to indorse another which would or might avoid or lessen that particular evil, without duly considering effects which the change would actually have upon the achievement of other values quite as important. A large part of the social problem center just here. Especially, freedom and progress, the distinctive values of modern civilization, conflict with the older ones of order and security but of course do not invalidate and supersede them; and there seems to be no principle of compromise that can be stated in words and that is of much help in making concrete political decisions. . . . Taking moral principles too seriously may be as bad as not taking them seriously enough (Knight [1948] 1956, 293).

There is an inherent tension between the freedom of the individual and the order required

to allow that freedom to be fruitful. Thus, considerations of order are analytically prior to the organizing activities of individuals. Nutter also recognizes this tension: “Just as there can be no freedom in the absolute state, so there can be no order in anarchy—and hence no freedom either” (Nutter [1975] 1983b, 17).

Concern over the maintenance of order enters through Buchanan’s elimination of the possibility of involuntary coercion. Buchanan states that “[t]here is no room for state action in my approach if this is defined to mean involuntary coercion. . . . In other words, my notion of unanimity allows that individuals may agree to allow themselves to be coerced in their individual behavior” (Levy and Peart 2020, 144). This appears to be in conflict with Knight’s thoughts on the importance of order: “Some balance must be struck between complete individual irresponsibility and caprice-which, since men will not in fact agree spontaneously and unanimously, would exclude order and efficiency, if not peace itself, at one extreme, and the right of the majority to enslave any minority at the other” (Knight 1941, 323). For Knight, involuntary coercion will be necessary in order to prevent the collapse of order because of the limits of majority rule. It appears that the preference for involuntary coercion emerges both as a natural function of the state as well as the means of preserving the fullness of personhood:

In any event, the notion of government, implying a constitution and laws, and generally law-enforcement and law making, is far broader and more inclusive than the notion of the state. Reflection makes it clear that any group with any degree of permanence or stability whatever has some government in this sense. This is really true in some degree even of a casual social gathering or conversational group. And in proportion as any group has permanence and stability, it must have government (since men do not agree unanimously) and

must exercise a degree of coercion over its members, depending on the amount of disagreement, and limited by their freedom to quit the organization. And more or less in proportion to the size of any group, the coercion exercised inevitably takes a more or less personal form, through the specialization of particular individuals for the functions of law enforcement, or law making, or both (1941, 325).

The use of coercion to prevent coercion becomes the main focus of government.

Buchanan's concept of unanimity as used in the 1959b publication by construction allows for the existence of an anarchic state. There is no need for centralized coercion as there in common agreement to moderate behavior, removing the need for any coercion by definition. This methodological move by Buchanan appears peculiar next to his mentor's writings on the subject. However, Knight's concept of what is coercion has its peculiarities as well. Indeed, Knight considered persuasion, what many modern readers may consider a case of voluntary acquiescence, the most insidious form of coercion as it undermines the reason of the influenced often unknowingly: "Coercion also includes "persuasion," in the distinctive and proper meaning of that term, the core of which is deception (recognizing that any form of coercion may proceed from benevolent motives)" (1941, 322).

### 3.3.2 James Schlesinger's Review of Calculus of Consent

Contemporary with Nutter and Buchanan in 1959 at the Thomas Jefferson Center was James R. Schlesinger. Schlesinger was noted by Buchanan for his work in the political economy of national security. His departure from the Thomas Jefferson Center and resignation from the University of Virginia served as one of the major events that led to

the demise of the Center and the departure of many of the other high-profile scholars from the economics department (Levy and Peart (2020), 255). The university believed that Schlesinger's resignation was proof that ideological differences could not be accepted within the program as they classified Schlesinger as a "moderate conservative" and the rest of the faculty as identifying with "Neo-Liberalism" or "Nineteenth-Century Ultra-Conservatism" (255).

While it may be true that there were ideological and personal separation between Schlesinger and Nutter, there is also evidence that the two shared methodological sympathies.<sup>29</sup> After leaving the Thomas Jefferson Center and the University of Virginia, the RAND corporation hired Schlesinger as Alfred W. Marshall's research assistant.

Recalling that period during an interview Marshall stated:

I don't know why Schlesinger was asked to come to RAND for the summer of 1962, but very likely it was because he had written a book in 1960, *The Political Economy of National Security*, one chapter of which picked up on the work Warren Nutter had done leading to some skepticism about the purported growth rates of the Soviet Union. (Garfinkle 2015)

Within his book, Schlesinger defended the methodological and statistical approaches Nutter used in his NBER study of the Soviet economy, *Some Observations on Soviet Industrial Growth* (1962).

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<sup>29</sup> In a phone conversation with Dr. John Moore, Moore stated that there was "no love lost" between Nutter and Schlesinger. Alternatively, Dr. Steve Pejovich recalled during another phone conversation that Nutter spoke well of Schlesinger. Interestingly, Schlesinger also was considered for the position of Assistant Secretary of Defense for International Security Affairs, the position filled by Nutter. It was hoped that Schlesinger would bring about more balanced budgets and reduce the aggression of the Department of Defense. Secretary of Defense Melvin Laird's choice of Nutter was seen as evidence that Warhawks were in control of the Pentagon.

In order to ascertain as to how deep Nutter and Schlesinger shared deeper sympathies in regard to social philosophy, it is important to study the reactions that both scholars had to a common document. While we currently lack any information as to whether Schlesinger reviewed Buchanan's 1959 article, we do know that he reviewed the work that emerged from the development of Buchanan's piece, *The Calculus of Consent* ([1962] 1999).

Schlesinger's review of *The Calculus of Consent* is scathing. He begins by stating his deep disagreement with the majority of the work and then stating there appears to be a lack of understanding the necessity of freedom and authority:

In this work, there seems to me to be no understanding of the need for both liberty and authority in the good society. Authority has been squeezed out in the quest for absolute freedom, but absolute freedom is impossible for man. Individuals cannot be completely free; they must accept limits on their behavior. Unless individual behavior is restrained by a code, conflicts will erupt which will destroy the social fabric. I am inclined to agree with Burke and LePlay and others that it is tradition that supplies the cement of society, and it has been the disappearance of respect for the restraints supplied by tradition to which many conflicts of the present era can be traced. Tradition, to be sure, can be no more than a dry husk and an impediment – but when it goes entirely, there is nought left in society but conflict. Unless man is willing to discipline himself through recognition of customs or standards, then he will be disciplined in the final analysis by the omniscient state. (Schlesinger 1960, 1)

Schlesinger's concern for tradition and code appears to coincide well with the concerns of Knight and Nutter as to what is required for a society to flourish and solve the problems that arise through the varied interactions of its citizens. As expressed by Knight, these are the keys to social stability:

The social problem is [to] preserve respect for the rules, and to make such rules as



result in the best game for all, players and spectators. This is a moral problem, and no reasonable stretching of the word intellectual will bring it under that category. Indeed, if intelligence is to be taken in the instrumentalist sense of power (to get what one wants) now philosophically fashionable (particularly in America, but it is the essence of the whole utilitarian tradition, of which price-theory economics was an integral part) then it is definitely and clearly anti-social in tendency. If it is not counterbalanced by moral forces, the development of such intelligence must disrupt society. For, while the individual may have everything to gain by preserving society in some form, and may recognize the fact, this will not and does not lead to agreement on any particular form. (Knight 1940 [1921], xxxi)

The ultimate difficulties of any arbitrary, artificial, moral, or rational reconstruction of society center around the problem of social continuity in a world where individuals are born naked, destitute, helpless, ignorant, and untrained, and must spend a third of their lives in acquiring the prerequisites of a free contractual existence. The distribution of control, of personal power, position, and opportunity, of the burden of labor and of uncertainty, and of the material produce of social industry cannot easily be radically altered, whatever we may think ideally ought to be done. The fundamental fact about society as a going concern is that it is made up of individuals 'who are born and die and give place to others; and the fundamental fact about modern civilization is that it is dependent upon the utilization of three great accumulating funds of inheritance from the past, material goods and appliances, knowledge and skill, and morale. Besides the torch of life itself, the vast and increasing intricacy and the habituations which fit men for social life must in some manner be carried forward to new individuals born devoid of all these things older individuals pass out. The existing order, with the institutions of the private family and private property (in self as well as goods), inheritance and bequest and parental responsibility, affords one 'way for securing more or less tolerable results in grappling with this problem. They are not ideal, nor even good; but candid consideration of the difficulties of radical transformation, especially in view of our ignorance and disagreement as to what we want, suggests caution and humility in dealing with reconstruction proposals. (374-375)

The stability concerns that permeate through Knight and Nutter and now Schlesinger can be seen in the discussion of promise keeping and loyalty in the previous chapter (Fleming 2020).

Schlesinger next focuses on the limits to self-interest as a governing principle. He states

that “[a] society cannot be based solely on self-interest. It must be self-interest reinforced by loyalties, affections, and devotion to duty.” Without the reinforcement of social bonds, self-interest exposes the Noble Lie of public-spiritedness and renders the socially binding myth powerless:

You have torn aside the veil and have shown the operation of -self-interest in politics. Call the social interest a “myth” if you like, a myth fostered by the “orthodox political scientists”, but it is the necessary creed of our society. Both of you have in the past indicated you understood the function of a myth, but here you attempt to destroy it. (Schlesinger 1960, 1)

The lack of shared mythology results in social unrest and destruction, something hinted at as Schlesinger follows up the previous paragraph with a quote from Edmund Burks’

*Reflections on the Revolution in France:*

All the pleasing Illusions...which incorporate into politics the sentiments which beautify and soften private society, are to be dissolved.... All the decent drapery of life is to be rudely torn off. All the superadded ideas, furnished from the wardrobe of a moral imagination, which the heart owns, and the understanding ratifies, as necessary to cover the defects of our naked, shivering nature... are to be exploded. (Burke [1790] 1987, 67; as reproduced in Schlesinger 1960, 1)

The charge against Buchanan and Tullock that they do not value cultural myths and set out to destroy this specific one is interesting in light of other statements made by Buchanan. Boettke and Candela (2019) recount a series of letters between Buchanan and his former student Richard McKenzie. In the exchange, Buchanan chastises McKenzie for overextending economic analysis because “to do so will undermine myths, sacrosanct objects, concepts, ideas, that have intrinsic value in their own rights” and that the myth of public-interested civil servants “has served us very well for two centuries, and, quite literally, I think it is a sin to destroy this mythology” (76). It is possible that Schlesinger

simply was wrong about Buchanan and Tullock. However, he was not alone in seeing limitations in the development of the public choice. For example, Udehn (1996) found that public choice analysis often flattened actors by limiting their motivational sources and eliminating sympathetic relationships. Another possibility is that Buchanan's views on social mythology and civic religion evolved and matured since the publication of *The Calculus of Consent*, a growth we may see in such works as *What Should Economists Do?* (1979) and *Liberty, Market, and State* (1985).

The flattening of agents in public choice analysis is further discussed in Levy and Peart (2017b). In this unpublished manuscript, Levy and Peart provide a contingent history of what may have happened if the Thomas Jefferson Center had received funding from the Ford Foundation. They posit that had the center continued its existence, a budding relationship between Merton College and the center would have grown and a relationship between Buchanan and Michael Polanyi may have deepened. Through this relationship, another facet may have been added to public choice analysis, especially that of welfare economics. The introduction of Polanyi's focus on sympathetic agency to Buchanan's public choice may have resulted in an analytical framework that could more thoroughly explain cooperation and historical examples that did not neatly fit within the rational choice framework (18-19).<sup>30</sup>

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<sup>30</sup> Levy and Peart (2017b, 19) provide as evidence a letter from Buchanan to Tullock expressing an understanding of sympathetic agency after reading Smith's *Theory of Moral Sentiments*. This letter, written in 1971, may also show a maturation of Buchanan's thought in support of the above conjecture.

Nutter also considered the issue of how one might deal with agents who have sympathetic attachments. In his posthumously published article “On Economism” (1979), Nutter posits that individuals may have many domains of goods that are lexicographically ordered with higher ordered domains serving as constraints upon the fulfillment of the lower ordered domains. He used the realms of “morals, tastes, and wants” as examples (267). Given the differences between people, entries in a realm for one person may coincide in different lower or higher ordered realm in another person. This becomes a problem for anyone attempting to overgeneralize the usefulness of a single social science.<sup>31</sup> Expectedly, Nutter’s position echoes that of Knight:

The chief thing which the common-sense individual actually wants is not satisfaction for the wants which he has, but more, and *better* wants. . . . The consideration of wants by the person who is comparing them for the guidance of his conduct and hence, of course, for the scientific student thus inevitably gravitates into a *criticism of standards*, which seems to be a very different thing from the comparison of given magnitudes. The individual who is acting deliberately is not merely and perhaps not mainly trying to satisfy given desires; there is always really present and operative, though in the background of consciousness, the idea of and *desire for a new want* to be striven for when the present objective is out of the way. Wants and the activity which they motivate constantly look forward to new and “higher,” more evolved and enlightened wants and these function as ends and motives of action beyond the objective to which desire is momentarily directed. The “object” in the narrow sense of the present want is provisional; it is as much a means to a new want as end to the old one, and all intelligently conscious activity is directed forwards, onward, upward, indefinitely. Life is not fundamentally a striving for ends, for satisfactions, but rather for a bases for further striving; desire is more fundamental to conduct than is achievement, or perhaps better, the true achievement is the refinement and elevation of the plane of desire, the cultivation of taste. And let us reiterate that all this is true *to the person acting*, not simply to the outsider, philosophizing after the event. ([1935] 2011, 14-15)

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<sup>31</sup> In this case, Nutter’s target was Gary Becker (263). See Emmett (2006) for a potential Knightian response to Stigler and Becker (1977).

Knight and Nutter by extension continue to forcefully focus on an important fact, a fact also focused on apparently by Schlesinger: humanity is complicated with various paradoxes and attachments that render single theories and general observations overly simplistic.

### 3.4 Conclusion

The existence of heterogeneity within the early Virginia school as expressed through the linkages between Nutter and Schlesinger relative to Buchanan opens up the avenue for greater research into the ways in which a Knightian framework can accommodate varied commitments, ideological and otherwise. It also shows that the attacks that the Virginia School and Thomas Jefferson Center suffered were at least somewhat misguided. The desire to defend orthodoxy and perhaps imitate prestigious institutions won out over the possibility of being unique and interesting.

It may be useful to return to Schlesinger's comments on *The Calculus of Consent*. The quote he used from Burke is a famous one, Burke's reference to the moral imagination even more so. Contemplation of the moral imagination has its roots in the Romantics but also became popular with the Conservatives in the United States. The definitive modern expression in this regard belongs to Russel Kirk ([1981] 2006). Moral imagination is the means by which we sympathize with other. It allows us to view each other as equal moral

agents worthy of respect and love, a close approximation of analytical egalitarianism.<sup>32</sup>

This viewpoint calls us to place ourselves within the social order and conceive of the proper ordering of ourselves and society.

Kirk contrasts the moral imagination of Burke with that of the “idyllic imagination” of Rousseau. This form of imagination engulfs the individual in a desire “which rejects old dogmas and old manners and rejoices in the notion of emancipation from duty and convention (243).” It is confounding and perhaps amusing that Buchanan finds himself charging mainstream academic economics with falling into the idyllic form by forgetting lessons of the past while simultaneously being charged by Schlesinger and potentially Nutter with falling into it himself. Returning to the hypothesis that Buchanan’s opinions on civic religion evolved over the course of his career, we see in “Is Public Choice Immoral? The Case for the Noble Lie” (1988) that Buchanan and Brennan embrace a form of constrained romanticism about civic life: “If cynicism destroys politically useful illusions, the equally romanticism within limits *fosters* those illusions. . . . [A]lthough we do not believe that narrow self-interest is the sole motive of political agents, or that it is necessarily as relevant a motive in political as in market settings, we certainly believe it to be a significant motive” (180-181).

Reflection on the Conservative critique above and Buchanan’s evolving approach to a constrained romanticism as a necessary part of a healthy civic life provides new avenues

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<sup>32</sup> For an introduction to Analytical Egalitarianism, see Levy and Peart (2008).

for research. New insight may be gained into Buchanan's understanding of the relationship between the maintenance of civic life and the use of institutional strategies to retain facets of classical commitments such as what comprised the old-time fiscal religion. As an example, Buchanan's support of a balanced budget amendment can be conceived of as an institutional solution to the failure of Ricardian Equivalence to unite the sympathies of present and future individuals.<sup>33</sup>

How are we to square the apparent circle that is the existence of a Nutter/Schlesinger vision with that of Buchanan/Tullock? Part of the difficulty with the history of economic thought is determining where to look and read. While there are certainly gaps in the knowledge that we have of the thoughts and relationships of those involved with the Virginia School, we have enough evidence of a common affinity and shared vision of the social problem and shortcomings of orthodoxy to make educated guesses. In this case, the evidence points to us taking the actors at their word: There indeed was viewpoint diversity involved with the Virginia School.

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<sup>33</sup> Thank you to Dr. David Levy for pointing out this connection. Another interesting proposition, at least to this author, is that the passage of such an amendment also would signify the harmony of sympathies between present and past individuals. The continuation of the tradition of the old-time fiscal religion functions as a Chestertonian "democracy of the dead" ([1908] 2009, 72).

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