



Thursday, May 15, 2025

I am writing to apply for the Early-Career Scholarship Research Fund to support a trip to access the Frank Knight papers at the University of Chicago Library for a project examining the institutional tension in Frank Knight's work. The estimated cost of this trip is \$1,315. A detailed breakdown is provided below.

In *Intelligence and Democratic Action*, Knight self-consciously expresses an apparent tension in his analytic perspective: "When I am talking with an orthodox economist who expounds all these economic principles as gospel, I am a rip-roaring institutionalist, and when I am talking to an institutionalist who claims the principles don't make any sense at all, I defend the system, the 'orthodoxy' that is treated with so much contempt" (82). Institutions were important to Knight, but he insisted on limiting economic analysis to a model-space defined by particular, unreal institutional arrangements. Understanding this tension situates Knight simultaneously as a great progenitor and a great detractor of the New Institutional turn, centered in Coase's conception of transaction costs. We examine the function of institutions throughout Knight's work and draw evidence from his correspondence with prominent Institutional economist Clarence Ayres to clarify Knight's thinking about institutions and their place in economic analysis. This helps to resolve the apparent contradiction between Knight's resistance to engaging in alternative institutional analysis (as seen in his correspondence with Hayek and writing on socialism) and his Weber-influenced inclination toward comparative history.

It is well documented that, in his position at the University of Chicago, Knight sat in the tension between neoclassical theory and institutionalism (Emmett, 2013). In that tension, Knight developed criticisms of both. He consistently reiterated the limits of economic theory while maintaining its importance throughout his career (Hands 2004, 2006; Emmett, 2012; Fiorito, 2015, 2016; Tauzin and Woltz, 2025). This project builds on this existing literature to identify the elements of Knight's thinking that potentially place him as a bridge between old and new institutionalists. His students, James Buchanan primarily among them, expanded Knight's thinking into new fields, like Constitutional Political Economy, that rely on analyzing, within a price theoretic lens, how institutions direct human behavior and how the individuals subject to those rules can change them. Identifying how Knight served to bridge neoclassical thought and institutionalist insights in his work can further clarify his thinking and provide additional insight into the background driving Buchanan and others revolutionary work.

This project will require visiting the Frank Knight Papers held at the University of Chicago Library to access his research notes, course notes, and correspondence with other prominent thinkers. For most of his professional life, Knight operated at the intersection between neoclassical theorists and institutionalists, actively criticizing the limitations of each. In

previous work drawing on the Frank Knight Papers, Knight's analytical commitments are often most explicit in his notes and correspondence.¹ For this reason, drawing on the Knight papers and his correspondence with prominent, neoclassical, institutional, and Austrian economists is critical for this project. Previous research has also suggested that Knight's institutionalist commitments can be seen in his teaching notes, which are held in the Frank Knight Papers collection.

Visiting the University of Chicago Library is anticipated to cost \$1,315.00. No other funding applications have been or are planned to be submitted to support these activities. The following table details the anticipated expenses.

Frank Knight Papers at the University of Chicago Library January 5, 2026 - January 8, 2026	
Expense	Estimate
Hotel (3 nights)	\$ 592.00
Airfare (SAN to MDW)	\$ 387.00
Food and Misc	\$ 200.00
Ground transportation	\$ 136.00
Total	\$ 1,315.00

Thank you for your time and consideration. I look forward to hearing your decision.

Sincerely,



Kaitlyn Woltz
Assistant Professor of Economics
California State University, San Marcos

¹ Tauzin and Woltz (2025) The Role of Science in Democracy: John Dewey as Foil to Frank Knight, *History of Political Economy*, <https://doi.org/10.1215/00182702-11773508>