

Call for papers: Keynes' *Treatise on Probability* and Knight's *Risk, Uncertainty, and Profit* After 100 Years

Editors: Phil Faulkner, Alberto Feduzi, C.R. McCann, Jr., Jochen Runde

The year 1921 saw the publication of two major books by economists on and around the themes of probability, risk and uncertainty: Frank Hyneman Knight's *Risk, Uncertainty, and Profit* and John Maynard Keynes' *A Treatise on Probability*. Knight's book was written for economists, quickly became a classic within the discipline, and continues to be cited to this day in research on topics ranging from entrepreneurship to insurance design. Keynes's book, in contrast, was written for a philosophical audience and, save for a few reviews when it first appeared, was largely ignored by economists. However, the 1970s saw the beginnings of a small and ongoing interest in *A Treatise on Probability* amongst economists, especially those interested in decision-making under uncertainty, non-standard probability and the differences between risk and uncertainty. It is now not uncommon to find Keynes cited alongside Knight in references to the distinction between risk and uncertainty.

The centenary of both works presents an opportunity to reassess their respective significance to economics, philosophy, finance, mathematics, and other fields. In addition, it presents an opportunity to evaluate how each has held up given a century of intellectual development. To advance this end, we propose a special issue of the *Cambridge Journal of Economics*, to be published in 2021, the 100th anniversary.

Suggested topics may include, but not be limited to:

- the history of the development of the respective works
- the reception of the *TP* and *RUP* at the time of publication
- the relationship between the two works
- changing interpretations of risk and uncertainty
- the consequences of reducing uncertainty to risk

- links with the work of other authors, e.g., Savage, Shackle, Ellsberg, de Finetti, Taleb.

Indicative references

- Bewley, T.F. 1986. Knightian Decision Theory: Part I, New Haven, Cowles Foundation Discussion Paper, number 807. Reprinted in 2002, *Decisions in Economics and Finance*, vol. 25, pp. 79–110
- Bradley, R., & Drechsler, M. 2014. Types of uncertainty, *Erkenntnis*, vol. 79(6), pp. 1225-1248
- Carnap, R. 1950. *Logical Foundations of Probability*. Chicago: University of Chicago Press
- Carabelli, A. 1988. *On Keynes's Method*. London: Macmillan
- de Finetti, B. 1937 [1964]. *La prévision: ses lois logiques, ses sources subjectives*, *Annales de l'Institut Henri Poincaré*, vol. 7, 1–68. Translated into English as Foresight: its logical laws, its subjective sources, in Kyburg, H. E. and Smokler, H. E. (eds.), *Studies in Subjective Probability*, New York, John Wiley & Sons, pp. 93–158
- Dequech, D. 2000. Fundamental uncertainty and ambiguity, *Eastern Economic Journal*, vol. 26:1, pp. 41-60
- Dow, S.C. 2015. Uncertainty: A Diagrammatic Treatment, *Economics*. <http://www.economics-ejournal.org/economics/journalarticles/2016-3>
- Ellsberg, D. 1961. Risk, ambiguity and the Savage axioms, *Quarterly Journal of Economics* 75(4), 643-669
- Emmett, Ross B. 1999. The Economist and the Entrepreneur: Modernist Impulses in *Risk, Uncertainty, and Profit*, *History of Political Economy*, 31 (1), pp. 29-52
- Faulkner, P., Feduzi, A. and Runde, J. 2017. Unknowns, Black Swans and the risk/uncertainty distinction, *Cambridge Journal of Economics*, vol. 41(5), pp.1279-1302.
- Feduzi, A. & Runde, J. 2014. Uncovering unknown unknowns: towards a Baconian approach to management decision-making, *Organizational Behavior and Human Decision Processes*, vol. 124(2), pp. 268-283

- Feduzi, A., Runde, J. and Zappia, C. 2012. De Finetti on the insurance of risks and uncertainties. *British Journal for the Philosophy of Science*, vol. 63(2), pp. 329-356.
- Gärdenfors, P. & Sahlin, N.E. 1988. Unreliable Probabilities, Risk Taking and Decision Making, in P. Gärdenfors & N. E. Sahlin (eds.), *Decision, Probability and Utility*, Cambridge, Cambridge University Press, pp. 313–34
- Keynes, J. M. 1921 [1973]. A Treatise on Probability, The Collected Writings of John Maynard Keynes, vol. VIII, London, Macmillan
- Keynes, J. M. 1936 [1973]. The General Theory, The Collected Writings of John Maynard Keynes, vol. VII, London, Macmillan
- Keynes, J. M. 1937 [1973]. The general theory of employment, Reprinted from the *Quarterly Journal of Economics*, in The General Theory and After: Part II Defence and Development, The Collected Writings of John Maynard Keynes, vol. XIV, London, Macmillan
- Kirzner, I.M. 1979. *Perception, opportunity, and profit*, Chicago, University of Chicago Press
- Knight, F.H. 1921. *Risk, uncertainty and profit*, Chicago, University of Chicago Press
- Lawson, T. 1985. Uncertainty and Economic Analysis, *Economic Journal*, vol. 95, pp. 909-27
- Lawson, T. 1987. The Relative/Absolute Nature of Knowledge and Economic Analysis., *Economic Journal*, vol. 97, 951-70
- Lawson, T. 1988. Probability and Uncertainty in Economic Analysis, *Journal of Post Keynesian Economics*, vol. 11, pp. 38-65
- LeRoy, S.F. & Singell, L.D. 1987 Knight on Risk and Uncertainty, *Journal of Political Economy*, 95(2) 394-406
- Levi, I. 1974. On Indeterminate Probabilities, *Journal of Philosophy*, vol. 71, pp. 391–418
- McCann, C. R., Jr. 1994. *Probability Foundations of Economic Theory*. London: Routledge.
- Meeks, G.T. 2003. Keynes on the rationality of decision procedures under uncertainty: the investment decision, in Runde, J. & Mizuhara, S. (eds.), *The philosophy of Keynes's economics: probability, uncertainty and convention*, London, Routledge, 19-36

- O'Donnell, R.M. 1989. *Keynes: Philosophy, Economics and Politics, The Philosophical Foundations of Keynes's Thought and their Influence on his Economics and Politics*, London, Macmillan
- O'Donnell, R.M. 1991. Keynes on Probability, Expectations and Uncertainty, in O'Donnell R.M. 1991. (ed.) *Keynes as Philosopher-Economist*, Macmillan, London
- Ramsey, F. P. 1931. Truth and probability, in Braithwaite, B. B. (ed.), *The Foundations of Mathematics and Other Logical Essays*, London, Kegan, Paul, Trench, Trubner. pp. 156–98
- Rumsfeld, D. 2002. News briefing,
<http://www.nato.int/docu/speech/2002/s020606g.htm>
- Rumsfeld, D. 2011. *Known and Unknown: A Memoir*, New York, Sentinel
- Runde, J. 1990. Keynesian uncertainty and the weight of arguments, *Economics and Philosophy*, vol. 2, 275–92
- Runde, J. 1998. Clarifying Frank Knight's Discussion of the Meaning of Risk and Uncertainty, *Cambridge Journal of Economics*, vol. 22, pp. 539–46
- Runde, J. & Mizuhara, S. (eds.), 2003. *The philosophy of Keynes's economics: probability, uncertainty and convention*, London, Routledge
- Salmon, Wesley. 1967. *The Foundations of Scientific Inference*. Pittsburgh: University of Pittsburgh Press
- Savage, L. J. 1954. *The foundations of statistics*, London, John Wiley & Sons
- Shackle, G.L.S. 1979. *Imagination and the nature of choice*, Edinburgh, Edinburgh University Press
- Shackle, G.L.S. 1983. "The Bounds of Unknowledge", in Wiseman, J. (ed), *Beyond positive economics*, New York, St. Martin's Press, 28-37
- Taleb, N.N. 2007. *The black swan: The impact of the highly improbable*, London, Penguin books

Further Information

Phil Faulkner: pbf1000@cam.ac.uk

Alberto Feduzi: af19@soas.ac.uk

Chuck McCann: crmccann@aol.com
Jochen Runde: j.runde@jbs.cam.ac.uk

Submission of Papers

The deadline for the submission of papers is 31 March 2020. Submissions should be made using the journal's online submission system.

During the submission process, authors should indicate that the manuscript is a candidate for the Special Issue titled **Keynes' *Treatise on Probability* and Knight's *Risk, Uncertainty, and Profit* After 100 Years**. Authors are also advised to include a note indicating this in a covering letter that can be uploaded during the submission process. All papers submitted will be considered using the CJE's normal peer review process. Please refer to the Journal's information for authors.