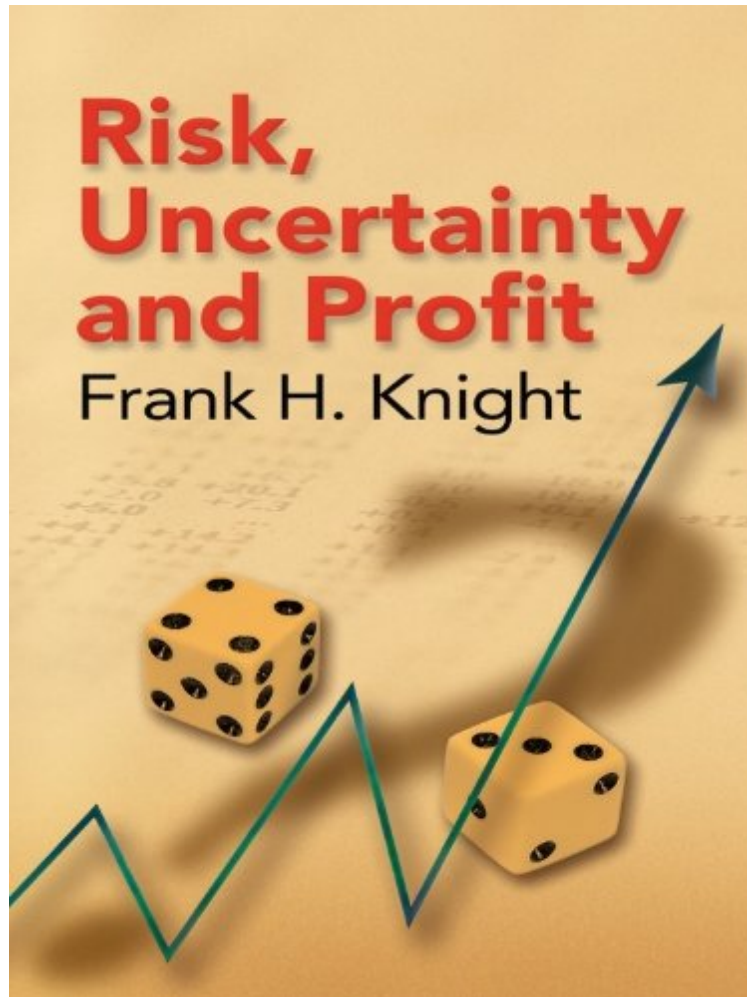


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Risk, Uncertainty and Profit (Dover Books on History, Political and Social Science)

Frank H. Knight

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Frank H. Knight : Risk, Uncertainty and Profit (Dover Books on History, Political and Social Science) before purchasing it in order to gauge whether or not it would be worth my time, and all praised Risk, Uncertainty and Profit (Dover Books on History, Political and Social Science):

0 of 0 people found the following review helpful. Hugely important in its day, and now forgotten By G. Gruber This is a very academic textbook, suitable mostly for the undergraduate level in economics (I can not imagine an advanced degree candidate not already being familiar with Prof Knight's expositions not only having read Knight for themselves, but for the inclusion of Knight's work in other more up-to-date material). I had not read Knight before, notwithstanding that I have a BA degree in economics, but my studies were from the era of "early Samuelson". Knight treats his subject exhaustively because it was groundbreaking theory and practice in his time. A lot of progress has been made since then. I still find that there is not a lot of attention paid by journalists and even academics as to the

important difference between RISK and UNCERTAINTY which bears upon PROFIT. For the uninformed, risk is measurable and uncertainty is not. Thus, risk can be accepted or declined (for instance by hedges or insurance) by the party at risk. Uncertainty offers no such alternative. That is why uncertainty in public policy, such as tax changes, regulatory action and entanglements with the judiciary are anathema to business. This results in an impediment to investment, and thus to growth of GDP. Congress does not seem to understand and no one points this out -- to the Congress or the public. We have almost total ignorance in one political party about the results of progressivism, which is dangerous all by itself. 1 of 1 people found the following review helpful. Still the best treatment of uncertainty for management and entrepreneurship By REW This is one of the most important books on economics written in the 20th century. Frank Knight was tasked by his PhD advisor to sort out the differences between risk and uncertainty and how they related to entrepreneurship and firm management. He did. Nobody has surpassed this treatment in the century since Frank Knight penned it in 1917 as his doctoral dissertation. This is verbal treatment of the subject, not a mathematical treatise. The argument is sound, but often subtle. The current volume that I am reviewing is the sixth or seventh time I have read the book and, as always, I found something new to take away. I teach entrepreneurship to undergraduates and to graduate students and i enjoy bringing Knight's insights into the classroom. 0 of 0 people found the following review helpful. Explains everything. By A Customer I have to admit this was a hard book to read. Partly because of the old fashioned language, but largely because it challenges popular beliefs that have continued to plague economics since the time of this writing almost a century ago. The mental rigor demonstrated by the author is extraordinary in presenting a working model of the social world we live in; tying economics, epistemology and politics together. This is not light-reading, but the effort is justified for anyone interested in the workings of the socio-economic fabric of our society.

One of the twentieth century's most influential economics texts, *Risk, Uncertainty and Profit* provided the theoretical basis of the entrepreneurial American economy during the post-industrial era. This revolutionary work taught the world how to systematically distinguish between risk (randomness with knowable probabilities), and uncertainty (randomness with unknowable probabilities), in order to accurately and properly ascertain a venture's potential profitability. Author Frank H. Knight's methodology served as the foundation of the Chicago School of Economics, maintaining that competition in a free market economy is the best method for achieving economic health. In this 1921 book, Knight explains why perfect competition would not necessarily eliminate profits, because of "uncertainty," rather than "risk." He contends that even in long-run equilibrium, entrepreneurs would earn profits as a return for their toleration of uncertainty. Knight's reasoning remains valid in the twenty-first century, and his definitions of risk and uncertainty continue to be taught in modern economics classes. Sociologist Edward Shils declared *Risk, Uncertainty and Profit* "a brilliant book," noting its interest not only to economists but also to social philosophers, sociologists, game theorists, and other specialists in social science.

From the Publisher From the Back Cover A timeless classic of economic theory that remains fascinating and pertinent today, this is Frank Knight's famous explanation of why perfect competition cannot eliminate profits, the important differences between "risk" and "uncertainty," and the vital role of the entrepreneur in profitmaking. Based on Knight's PhD dissertation, this 1921 work, balancing theory with fact to come to stunning insights, is a distinct pleasure to read. About the Author Frank Hyneman Knight (1885-1972) was one of the original founders of the Chicago School of Economics. He was Morton D. Hall Distinguished Service Professor, Emeritus, of Social Science and Philosophy and was most famous for his work on the distinction between economic risk and uncertainty. He is the author of many works, including *Risk, Uncertainty, and Profit*; *Intelligence and Democratic Action*; and *Freedom and Reform*.