

## PREFACE TO THE PAPERBACK EDITION

The book is here reprinted as published twenty years ago. It belongs to its time and place and it seems best not to tamper with it.

The treatise proposes an integrated treatment of central themes of behavioural economics and institutional economics. It upholds that even the simplest economic action, if analysed carefully, necessarily relies on psychological dispositions of the actors, as shaped by custom. These psychological dispositions often flout the usual rationality assumptions encountered in economics, but without such dispositions, ownership would be irrelevant, exchange could not take place, contracting would be pointless, laws would be ineffectual, and all kinds of learning would be impossible—hence the applicability of these assumptions is doubtful. At the same time, the psychological dispositions emerge not from blind irrationality, as current discussion around behavioural economics suggests, but result from individuals striving for an overall consistency of beliefs, dispositions, emotions, motives, and actions.

The social sciences seem currently to lean towards some shoal cultural and moral relativism. In contrast, the view developed here re-asserts the universalist position which has been maintained by traditional economics since the Scottish Enlightenment but seems to fade nowadays in the wake of relativistic interpretations given to the findings of behavioural economics. The view outlined here seeks to correct that.

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