

# Homo Oeconomicus

# The European Heritage in Economics and the Social Sciences

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Its Applications in Economics and Other Social Sciences*  
Gebhard Kirchgässner

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# Homo Oeconomicus

The Economic Model of Behaviour  
and Its Applications in Economics  
and Other Social Sciences

 Springer

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*To Maria*

## Preface

Fifty years ago, in 1958, RALF DAHRENDORF published his ‘homo sociologicus’. Together with the ‘homo politicus’ he saw these as two new scientific homines to accompany the two existing ones, ‘homo oeconomicus’ as well as ‘psychological man’. At that time, some social scientists demanded that economics should incorporate more sociological aspects. Thus, one might have assumed that homo sociologicus would be progressing in the future and rolling back homo oeconomicus. However, just the opposite happened: homo oeconomicus started off his triumphal advance through the social sciences, including sociology. Today, there exist economic (or ‘rational choice’) approaches in all social sciences. They are, of course, not undisputed, but they cover a considerable part of the traditional territories of these sciences.

On the other hand, it is often stated today, even by economists, that homo oeconomicus is outdated. Many results from psychological research and – more recently – from the new emerging field of Neuroeconomics show that the simple model of homo oeconomicus as it is used, for example, in many introductory microeconomic textbooks, has severe limitations. Hence, it might seem strange to publish a book about homo oeconomicus today. But, on the other hand, this whole new research is still – almost always – founded on the basic model of homo oeconomicus, the economic model of behaviour. While for many situations the conventional assumptions usually employed in economic analyses as, for example, strong rationality in the sense of JOHN VON NEUMANN and OSKAR MORGENSTERN (1948), are not appropriate or even rejected, the basic structure of the model remains the same.

Thus, it still makes sense to ask what this structure is, what the additional assumptions are being employed when this model is applied to problems in specific areas of the social sciences, and how successful these applications are. This is what this book intends, even if it is necessarily eclectic in the selection of specific areas of application. In doing so, special weight is given to the rationality and the motivational assumptions. Moreover, the anomalies, which surround the economic model of behaviour (like any other theoretical approach in the sciences), are also taken seriously.

This English version corresponds to the third, updated and extended edition of the German version, the first edition of which was published in 1991. Since then, there has been considerable development in Economics, in the application of the economic model in other social sciences, and, in particular, with respect to the basic behavioural assumptions of this model. These developments are taken into account in this edition at least to a large extent.

Parts of this English version were written during stays as visiting researcher at the Center for Study of Public Choice, George Mason University, Fairfax, VA, and the Social Science Research School at the Australian National University, Canberra. I thank these institutions, in particular JAMES M. BUCHANAN and GEOFFREY BRENNAN, for their kind support and hospitality.

Finally, I thank those who helped me in producing this book. Without listing them by name, I thank all those who critically read earlier versions and helped me to improve the current one. These friends and colleagues are, of course, not responsible for any remaining errors and deficiencies. Special thanks go to PAMELA GASSER and GABRIELA SCHMID who helped to improve the English. THORSTEN UEHLEIN assisted me in preparing the indices. Moreover, I am indebted to JÜRGEN BACKHAUS, the editor of this series, and to BARBARA FESS from Springer, for the fruitful collaboration. Last, but not least, I thank my wife MARIA who did not have the smallest burden when I was working on this book.

St. Gallen, January 2008

GEBHARD KIRCHGÄSSNER

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