Foreword

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Svetozar Pejovich has been a leading scholar of the economics of property rights. His writings and his conference participations in Europe and America have contributed to the profession's understanding of important concepts in law and economics.

In *Law, Informal Rules and Economic Performance*, Pejovich presents us with an overview of the issues on which he has worked for many years. In his famous comment, Sir Henry Maine stated that modern civilization represented the movement from status to contract. Behind that crucial movement was the emergence of the rule of law. It is the role of the rule of law in the transition to modern civilization which is described by Pejovich.

The rule of law makes possible the enforcement of property rights; and property rights make possible man's progressive adoption of new technology to new challenges. Pejovich examines the different consequences of the two major Western legal systems. The Anglo-American legal tradition of common law emphasizes the continuity of legal principles applied to different or new circumstances. The process of seeking answers for the future from the decisions of the past gives the common law the space for growth.

The Continental legal system founded on the civil code seeks a different route to meet challenges. Professor Enrico Colomatto of the University of Turin in Italy has contributed sections on the Italian and Swiss constitutions as well as discussing the book with the author. Pejovich indicated the role of the evolution of the legal process in the example of the medieval Law Merchant. He draws on the important historical contributions of Harold Berman and Deepak Lal regarding the Western legal tradition.

Pejovich presents the modern economic analysis pioneered by John Locke, Bernard Mandeville, David Hume and Adam Smith. He expands this by the introduction of issues, such as transaction costs, by contemporary social scientists: Armen Alchian, Ronald Coase, Harold Demsetz, Henry Manne, Douglass North and Oliver Williamson.

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The role of the entrepreneur deservedly gains the attention of Pejovich, who draws on the economic schools of Market Process and of Public Choice to develop the importance of entrepreneurship in economics.

The reader is presented with clear writing and full explanations. Pejovich has made a welcomed contribution to the economics literature.

L.P.L.