

PRAXEOZOOLOGY: ANIMAL SPIRITS FINALLY
EXPLAINED

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Praxeozoology: Animal Spirits Finally Explained
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ABOUT THIS PIECE

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CHAPTER 1

PRAXEOZOOLOGY: ANIMAL SPIRITS FINALLY EXPLAINED

Have you ever wondered what **really** drives human behavior? Are we creatures of reason, calmly weighing our choices in pursuit of optimal outcomes, or are we animals first, propelled by instinct and emotion beneath our polished rationality?

A bit of both.

To explore this, we need a new perspective. One that connects the clean logic of economics with the raw impulses of biology. Welcome to Praxeozoology: the study of human action through the combined lenses of praxeology and zoology.

But before diving into this peculiar fusion of fields, we should start, not with Adam Smith, as tradition might suggest, but with a lesser-known economic philosopher who beat him to the punch.

1.1 CHYDENIUS AND THE LOST ORIGINS OF THE INVISIBLE HAND

In 1765—eleven years before *The Wealth of Nations*—Finnish priest and politician Anders Chydenius published *The National Gain*. In it, he described how individuals acting in their self-interest could unknowingly contribute to the prosperity of society. This was the original formulation of what would later be immortalized as the “invisible hand.”

“... that every individual spontaneously tries to find the place and the trade in which he can best increase National gain, if laws do not prevent him from doing so.”



—Anders Chydenius, *The National Gain*

Chydenius saw freedom of trade and expression not just as moral imperatives, but as natural extensions of human nature. He wanted to leave people to their own devices, and let good emerge as a—sometimes unintended—consequence.

It was a proto-praxeozoological view that recognized human economic behavior as both rational and instinctive, deeply rooted in our animal nature.

1.2 ADAM SMITH AND RATIONAL SELF-INTEREST

Adam Smith refined this idea into the elegant theory of market equilibrium, the concept that individuals pursuing self-interest in competitive markets create benefits for the whole economy.

“It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest.”

—Adam Smith, *The Wealth of Nations*



Smith emphasized rational self-interest, but even he was aware of its limits. His lesser-cited work, *The Theory of Moral Sentiments*, explores the emotional foundations of our ethical judgments, revealing that economic man was never entirely rational to begin with.

“Man naturally desires, not only to be loved, but to be lovely.”

—Adam Smith, *The Theory of Moral Sentiments*

Where Smith provided the intellectual foundation of praxeology, he also hinted at the animal impulses that complicate it.

1.3 INTRODUCING PRAXEOZOOLOGY

Praxeozoology is a thought experiment—a hybrid theory. It accepts that

- humans act purposefully to achieve chosen ends,
- but also that we possess animal instincts honed over millions of years of evolution.

It accepts and embraces that every market decision is a negotiation between our inner beast and our calculating mind.

This framework leaves space to emotion, intuition, status-seeking, fear, and pleasure, not as irrational anomalies, but as foundational inputs to economic action.

1.4 NASH EQUILIBRIUM: STRUCTURAL SELF-INTEREST

Let's journey forward to the 20th century to meet John Nash who provides a mathematical framework to understand how competing interests can reach a balance. The Nash Equilibrium is a state in which no actor has anything to gain by changing their strategy alone, given the strategies of others.

Nash proved that complex, even selfish behaviors can lead to stable systems in which cooperation and competition coexist. It's a beautiful realization: we don't need perfect rationality for coherent outcomes—just consistent patterns of behavior.

"An equilibrium point is an n -tuple s such that each player's mixed strategy maximizes his payoff if the strategies of the others are held fixed. Thus each player's strategy is optimal against those of the others."

—John Nash, Non-cooperative Games

This fits neatly within praxeozoology. Nash doesn't ignore animalistic behavior either. He shows how human action, through taming our animal spirits evolves into systems, expectations, and societal norms.

1.5 ROTHBARD AND THE ACTION PRINCIPLE

For the Austrian School, Murray Rothbard extended Ludwig von Mises' ideas into a comprehensive theory of human action. Praxeology, in this tradition, views all economic behavior as intentional, purposeful, and deeply personal.

Rothbard's brilliance lies in defending subjectivity. He didn't claim humans always act rationally, only that they act according to their values, even if those values seem strange or contradictory from the outside

As well as instinctually, we know this to be true empirically: acting like an asshole bears a real cost. What is human interaction if not trading something of value for other, even more valuable things? Praxeozoologically speaking, modifying and compartmentalizing our behavior to best respond to the game afoot.

“Selection will discriminate against the cheater if cheating has later adverse effects on his life which outweigh the benefit of not reciprocating.”

—Robert L. Trivers, *The Evolution of Reciprocal Altruism* (1971)

To deny our (albeit tamed) animal spirits is to discard what made humans the apex predator in the first place: the ability to empathise with irrational actors and tweak our behavior fittingly. Politics, essentially.

Your desire for fame, your fear of missing out, your desire to be lovely are not glitches but survival heuristics from your inner animal.

“Even apart from the instability due to speculation, there is the instability due to the characteristic of human nature that a large proportion of our positive activities depend on spontaneous optimism rather than on a mathematical expectation, whether moral or hedonistic or economic. Most, probably, of our decisions to do something positive... can only be taken as a result of animal spirits—a spontaneous urge to action rather than inaction, and not as the outcome of a weighted average of quantitative benefits multiplied by quantitative probabilities.”

—John Maynard Keynes, *The General Theory of Employment, Interest and Money*

1.6 HAYEK AND SUBJECTIVE VALUE

To fence in our theoretical zoo, F.A. Hayek brings in the insight that value is never objective. It's personal, contextual, and constantly changing.

Hayek argued that prices are a communication system—signals passed through the noise of time, place, and ignorance. However, this also means that those signals are interpreted and garbled by deeply flawed, emotional, and instinctive creatures.

Through praxeozoology, Hayek's insight becomes even more powerful. Markets don't merely reflect supply and demand—they reflect fear, lust, pride, nostalgia, and pain.

Prices are stories of our conquest to tame our animal spirits in pursuit of better individual outcomes.

Praxeozoology isn't a rejection of praxeology or rational economics—it's an expansion of them. It reminds us that we are neither angels nor

computers, but animals who act. We evolved to survive, signal, and navigate uncertainty, not to be perfectly consistent or purely logical.

By weaving together the timeless insights of Chydenius, Smith, Nash, Mises, Rothbard, Trivers, Keynes, Hayek, and many others, we begin to see a more complete picture of human behavior. One that is layered, intuitive, emotional, and most importantly, alive.

So the next time you find yourself making a “rational” choice, consider that your inner animal may just be rationalizing its appetite.

SOURCE

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