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The interplay of incentives and ideas: An intellectual journey from order economics through order ethics to ordonomics

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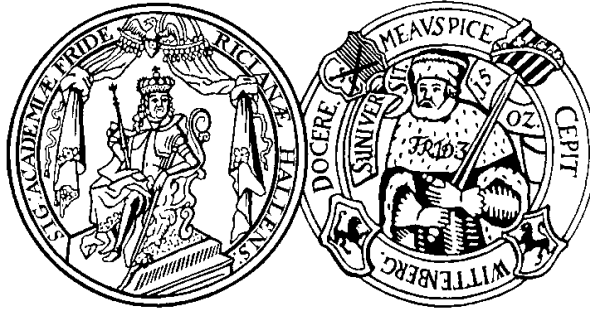
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Ingo Pies

The Interplay of Incentives and Ideas:
An Intellectual Journey from Order Economics
through Order Ethics to Ordonomics

Diskussionspapier Nr. 2025-08

des Lehrstuhls für Wirtschaftsethik
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Kurzfassung

Dieser Beitrag stellt das ordonomische Forschungsprogramm vor und erläutert seine methodologischen Wurzeln. Gezeigt wird, wie sich eine deutschsprachige Traditionslinie von der Ordnungsökonomik über die Ordnungsethik bis hin zur Ordonomik entwickelt hat. Die Ordonomik integriert zentrale Ideen ihrer Vorläufer zu einer Theorie gesellschaftlicher Lernprozesse, die Institutionen und Ideen als Schlüsselgrößen betrachtet. Durch ein Drei-Ebenen-Modell werden Zusammenhänge zwischen Regelbefolgung, Regelsetzung und Regelfindung analysiert. Ziel ist eine funktionale Indienstnahme systemischer Sachzwänge zur Verwirklichung moralischer Anliegen. Zehn Fallstudien und drei Anhänge demonstrieren praktische Anwendungen der ordonomischen Institutionen- und Ideen-Ethik.

Schlüsselbegriffe: Ordnungsökonomik, Ordnungsethik, Ordonomik, Moralparadoxon der Moderne, gesellschaftliche Lernprozesse, Institutionenethik, Ideenethik, Ordnungsverantwortung, Moral als Produktionsfaktor, Monstrositäts-Imagination, verordnete Schizophrenie

Abstract

This article introduces the ordonomic research program and explains its methodological roots. It shows how a German-speaking line of tradition has developed from *Order Economics* (Ordnungsökonomik) through *Order Ethics* (Ordnungsethik) to *Ordonomics* (Ordonomik). Ordonomics integrates central ideas of its predecessors into a theory of societal learning processes, which regards institutions and ideas as key variables. Using a three-level model, the connections between rule-following, rule-setting, and rule-finding are analyzed. The aim is a functional utilization of systemic constraints for the realization of moral desiderata. Ten Case studies and three appendices demonstrate practical applications of the ordonomic approach to institutional and ideational ethics.

Keywords: order economics, order ethics, ordonomics, moral paradox of modernity, societal learning processes, institutional ethics, ideational ethics, ordo responsibility, moral commitments as a factor of production, monstrosity imagination, mandated schizophrenia

The Interplay of Incentives and Ideas: An Intellectual Journey from Order Economics through Order Ethics to Ordonomics

Ingo Pies*

This article introduces the ordonomic research program and elucidates its intellectual roots. In doing so, it reveals a specifically German(-language) tradition of theoretical development—spanning from *Order Economics* (Ordnungsökonomik) through *Order Ethics* (Ordnungsethik) to *Ordonomics* (Ordonomik).

- Section I sketches how Walter Eucken transforms a philosophical impetus into a new economic paradigm—*Order Economics*—which shifts the analytical spotlight onto the institutional framework of the economy, its constitutional order.
- Section II traces how Karl Homann adopts and extends this constitutional orientation by formulating *Order Ethics*, which—especially in competitive contexts—identifies the institutional framework of rules as the systematic locus of morality.
- Section III explains how *Ordonomics* takes up key ideas from Order Economics and Order Ethics, integrates them conceptually, and develops them into an innovative research program that examines how the interplay between institutions and ideas fosters or frustrates societal learning processes.
- Section IV uses brief case studies to illustrate how concrete *applications of the ordonomic research program* can contribute to both a deeper understanding and more effective realization of moral desiderata.

I. Walter Eucken's Order Economics

Walter Eucken was the son of philosophy professor and Nobel laureate in literature Rudolf Eucken. While Rudolf Eucken was concerned with the ‘order of life,’ seeking answers to the *ultimate* questions of human metaphysics and existential meaning, his son *reversed* this line of inquiry in a productively epistemological way (Pies 2001). Walter Eucken did not ask about the meaning of life, but about the *order of the economy*—its constitutional framework as an order of rules. In doing so, he shifted the analytical spotlight to systematically *penultimate* questions.

His concern was with the societal prerequisites necessary for individuals to realize their personal life plans in conditions of free self-determination. The central focus of *Order Economics* is therefore the economic and societal order—one that should be as functional and efficient as possible. Eucken sought to ensure the robust provision of both material and immaterial goods with the aim to enable and support individuals in shaping their own ‘orders of life.’ His paradigm thus *redirects* theoretical attention away from the

* A drastically shortened version of the present paper – without case study 9 (pp. 25-29) and without the appendices (pp. 44 ff.) – will be published under the title “Order Economics, Order Ethics, Ordonomics – A German Tradition Line of Methodological Theorizing” in the “Handbook of the Philosophical Foundations of Business Ethics” (Springer Nature), edited by Christoph Lütge and Marianne Thejls Ziegler.

individual private conditions of the good life and toward the *societal preconditions* that make such lives possible.

This epistemological shift—from the *order of life* to the *order of the economy*—marks a turning point: from normative worldviews to questions of functional constitutional design; that is, from ends to means. Two core insights are tied to this *inversion*, to this instrumentalist change of perspective.

First: A functioning economic order is not a sufficient, but a necessary condition for a successful life. It creates spaces of freedom without prescribing how individuals ought to fill them. Whereas Rudolf Eucken, as a philosopher, sought to define and substantiate the content of a moral order of life, the economist Walter Eucken deliberately left these normative details unspecified—thus opening them up to the possibility of reasonable pluralism.

Second: The departure from *ultimate* questions about the meaning of life and the shift toward *penultimate* questions concerning the societal *preconditions* for individuals to pursue their own meaning opens the door to an analytical approach based on scientifically grounded arguments of expediency. It fosters a systematic inquiry into the enabling conditions of individual freedom—both structurally and semantically. As a result, Walter Eucken's theory—unlike that of his father, Rudolf Eucken—holds significantly greater potential for generating societally effective persuasive power. This is because intersubjective agreement is generally more attainable on matters of economic order and its functionality than on metaphysical questions concerning the order and meaning of life.

Walter Eucken's *Order Economics* is built around the core idea of the *interdependence of orders*. This foundational concept unfolds in two key dimensions: first, the interdependence between *national* and *international* order; and second, the interdependence between the *economic* and *political* order.

On the one hand, peace and prosperity are at risk when irresolvable conflicts between nation-states escalate into military confrontation. Drawing on the lessons of the First and Second World Wars, Walter Eucken argues for the necessity of an international order—one capable of minimizing potential conflicts and resolving unavoidable ones by peaceful means, grounded in a sufficient reservoir of shared interests among states. This insight underpins his strong advocacy for a *market-based democracy*, where national and international framework conditions are especially well-aligned. The democratic principle of replacing the *law of the stronger* with the *strength of the law* synergizes with an economic order based on the division of labor—an order that generates mutual gains from cooperation and thereby fosters, beyond inherited resentments, a powerful shared interest in peace and prosperity among nations.

On the other hand, Walter Eucken develops the interdependence between the economic and political order within the nation-state through the conceptual lens of a *social contract*. The basic idea is simple yet compelling, grounded in a fundamental analogy: Just as the political order of the state requires a constitution, so too—according to Eucken—does the economic order require one; that is, a legal framework that defines the rules of the game for economic behavior in a way that is collectively binding and individually predictable. In this respect, Eucken's theory of economic order is, at its core, a theory of *economic constitutionality*—one that refuses to pit market and state against one

another as rivals, but instead understands them as *complementary* elements of a functioning social order.¹

Building on this institutional insight, Walter Eucken develops—by way of thought experiment—the idea of a *hypothetical social contract* from which the normative and functional requirements for an order of competitively structured markets can be derived. The basic logic unfolds in three steps (Pies 2011).

Step one: According to Walter Eucken, only two radical alternatives are available when choosing a societal order: a centrally planned economy, conceived as an order of *subordination*, and a decentralized market economy, understood as an order of *coordination*, in which division-of-labor activities are aligned via market prices. All conceivable mixed forms are excluded by assumption, as they are inherently unstable and tend to gravitate toward central planning. In this respect, Walter Eucken—well before the rise of public choice theory—anticipates a form of rent-seeking argument: that economic interest groups will capture the state unless they are effectively constrained by competition. A centrally planned economy, he argues, invites economic actors to accumulate not only *economic* but also *political* power, whereas a decentralized market economy deploys *competition as an instrument of disempowerment*—yielding, due to the *interdependence of orders*, salutary effects on both the economy and politics.

Step two: For choosing a societal order, Eucken proposes three normative selection criteria: (social) *justice*, (social) *security*, and (individual) *freedom*. Crucially, he frames these criteria in such a way as to avoid potential value conflicts. His argument is that, in this specific context, all three—though they may conflict in other settings—lead to the same conclusion: Compared to a centrally planned economy, a decentralized market economy offers not only more *freedom*, but also a significant surplus of *justice* and *security*. In Eucken's view, then, the fundamental socio-political choice of economic order yields a clear and *unequivocal* result.

This concludes the *ex ante* considerations and introduces the *ex post* perspective, which constitutes the *third step* in Walter Eucken's thought experiment. Here too, the core idea is both clear and fundamental: *Whoever wants a decentralized market economy must also want the constitution that secures its functional viability*. For such a constitution, Eucken formulates three types of principles—derived from pragmatic considerations of *expediency* and consistently aligned with the *interdependence of orders*.

- *State-political principles* articulate a self-binding argument for democratic politics: Anyone who endorses a constitutional democracy under the rule of law must employ competition as a means to disempower economic interest groups. The state should refrain from intervening in the 'moves' of market participants and instead focus on establishing and enforcing the 'rules of the

¹ To avoid widespread misunderstandings, a note on terminology is advisable: For Walter Eucken, the term *order* systematically refers to the institutional embedding of actions, so that *order framework* and *framework order* can be used synonymously. F. A. von Hayek, by contrast, uses *order* to denote a categorically different level—namely, social patterns of behavior and outcomes. Accordingly, when Hayek speaks of *spontaneous order*, he is not referring to spontaneously created rules, but to spontaneously emerging patterns of social interplay and results—patterns that arise through interaction and can thus be interpreted as unintended consequences of intentional behavior, even when the rules of the game are not the product of pure evolution but of deliberate design. In this sense, a spontaneous order in Hayek's terms is fully compatible with a constitutional order of the economy—that is, with an institutional rule framework in Eucken's sense—and may even be actively supported by it.

game’—that is, publicly shaping and securing the institutional framework of competition.

- *Constitutive principles* provide foundational guidelines for economic policy aimed at *establishing* a functioning market economy. Their central objective is to ensure the emergence of scarcity prices in competitively structured markets—prices that speak the truth economically, socially, and ecologically. These prices serve as both information signals and behavioral incentives, guiding behavior toward a balance of supply and demand. This requires clearly defined property rights and a stable currency.
- *Regulatory principles* define economic policy measures aimed at *preserving, stabilizing* and *developing* an already established market economy. Eucken advocates for effective antitrust enforcement to curb cartels and for sound social policy that operates in accordance with market mechanisms—primarily through income transfers. The underlying idea is to *fully utilize the price mechanism*, including for essential goods, while avoiding interventionist distortions of its *informational* and *incentive* functions—so that scarcity can be managed as effectively as possible.

Walter Eucken’s *Order Economics* is thus conceived as a scientific contribution to the *ideational (self-)enlightenment* and *institutional (self-)steering* of a democratically constituted market economy. It does so by offering persuasive *arguments of expediency* in favor of a competitive order that renders markets so efficient that they can secure and sustain broad public support.

This approach also reveals insights of foundational relevance to moral philosophy, as the following quote shows (Eucken 1952/1990, p. 368, translated by IP): “One must not demand from people what only the economic order can achieve: to establish a harmonious relationship between individual interest and common interest.”

This insight from *Order Economics* marks a decisive shift in perspective: Moral responsibility is no longer located in the individual motives of economic actors but in the *design of the institutional framework* that shapes economic processes—an idea that Karl Homann would later elevate to the very foundation of his *Order Ethics*.

II. Karl Homann’s Order Ethics

Karl Homann develops his *Order Ethics* by addressing the question of how to conceptually capture the ambivalent relationship between competition and morality in an appropriate and analytically robust way.

Background: On the one hand, the competitively structured market economy is a cornerstone of the success of Western civilization. It has been instrumental in advancing humanity’s most profound moral ambitions—by reducing hunger and poverty, improving access to material and immaterial goods, increasing life expectancy, and raising living standards on a broad scale.

On the other hand, the market economy is often met with moral reservations. Many critics perceive markets as arenas of egoism and interpret competitive pressure as a structural call for ruthlessness. For instance, an entrepreneur who wishes to act in solidarity with a struggling customer by offering a discount is not rewarded with higher profits, but

penalized with lower margins or even losses. The incentive structures of competitive markets thus tend to discourage forms of moral behavior that are otherwise valued and expected in interpersonal contexts. This moral tension prompts many to advocate for interventionist corrections—such as state-imposed price controls to support those in need.

How, then, should we approach this perceived conflict between “competition and morality”—the very title of the article in which Homann (1990) develops his line of reasoning?

Homann takes this conflict seriously—but he does not accept it as inevitable. For him, the matter is clear: If one takes this (in his view merely apparent, not actual) conflict at face value, only three options remain. One can side with either alternative or attempt a compromise between the two. Homann, however, proposes a radical *fourth* path: to conceptually reframe the seemingly conflicting positions in such a way that they become compatible.

From this perspective, Homann’s answer is unequivocal: The problem cannot be solved by means of a value judgment, but only through theoretical work—work that *dissolves* the conflict. Or, in Hegelian terms: work that *sublates* the conflict—*preserving, elevating, and overcoming* it at once.

Homann (1990, p. 40, translated by IP) grounds his theoretical work in the following thought:

“Contrary to appearances, market and competition in modern society have a moral quality. If market and competition are ultimately morally justified, then one cannot, for equally moral reasons, intervene in market transactions in a way that deprives the market of precisely the characteristic that sustains its moral quality—namely, efficiency. Put differently: it is not a contradiction between the economy and morality, but a self-contradiction within morality when markets and competition are overridden by morally motivated interventionism.”

In order to resolve this *self-contradiction within morality*, a *new form of moral theory* is required—one tailored specifically to this task, and thus deserving a new name. To that end, he writes (Homann 1990, p. 41, italics in original, translated by IP):

“Under the typically modern condition of societal differentiation into functional subsystems, the decisions of actors *within* the framework order must remain *free* of moral considerations; shaping the economy in accordance with moral ideas must take place through the design of the framework order. *Business ethics in the market economy is paradigmatically ethics of order.*”

Homann’s design of a market-compatible *Order Ethics* is based on three fundamental ideas that build on each other step by step.

His first fundamental insight is that the social arena of competitive markets requires, from a social science perspective, a *two-level approach*. Here, Homann builds on Eucken’s distinction between *order* and *process*—that is, between the institutional framework and the economic actions that unfold within it. He illustrates this distinction with a sports metaphor, contrasting the ‘rules of the game’ with the ‘moves in the game.’ His central thesis is this: Anyone who wants to *explain* market outcomes positively or *shape* them normatively must systematically account for the fact that, in any given situation, economic behavior is largely determined by the prevailing rules of the game. This leads to a radical insight (Homann 1990, p. 38, italics in original, translated by IP): “*The systematic locus of morality in the market economy ... [is] the framework order.*” An even more precise formulation appears a decade later (Homann and Pies 2000, p. 336, italics in original, translated by IP): “*Under conditions of competition, the framework order advances to become the systematic locus of morality.*”

This reflects the fact that the gap between moral intentions and actual outcomes is not inherent to economic production and exchange per se. Rather, it arises from the structure of modern market economies, which are organized around competition. As a consequence, the actions of producers and firms are subject to competitive pressures and shaped by incentive structures that individual actors cannot easily escape. Against this backdrop, Homann draws on Eucken's categories of *Order Economics* and reinterprets them within his newly developed *Order Ethics*, using them to reconceptualize morality under competitive conditions. Moral responsibility, in this framework, is no longer located solely in the motives behind individual actions but also in the incentive structures embedded in the institutional order.

His second fundamental idea is that this situation calls for a new kind of ethics. His central thesis: From a methodological standpoint, traditional individual ethics should not be replaced but *complemented* by an ethics of institutions.

This view rests on the following consideration: The dominant tradition in moral philosophy centers on the justification of morality. It operates within a paradigm of *individual ethics*, where moral conviction—the 'good will'—guides actions and determines outcomes. Within this paradigm, the primary aim of moral philosophy is to strengthen moral motivation. Homann argues that while this approach functions well in face-to-face interactions within small groups, it fails in the context of competitive markets, where outcomes are shaped not by motives but by incentives.

That is why Homann proposes a new paradigm: an *ethics of institutions* that shifts the analytical focus from moral motives to moral incentives—from individual *intentions* to the *institutional* design level within his two-level framework. Order Ethics, in this sense, does not seek to intensify good will, but to improve the *rules of the game*.

This conceptual shift—from *motives to incentives*—captures the core insight of *Order Economics*: that moral motivation, while desirable, is neither necessary nor sufficient for generating morally desirable outcomes in competitive markets.

Homann is not polemicizing against moral motives—quite the contrary. His central concern is to avoid pitting moral motives against systemic incentives. He takes issue with appeals that urge individuals to withdraw from, or transcend, the logic of economic competition for moral reasons. In his view, such positions ultimately undermine moral motivation itself.

To realize moral concerns under competitive conditions, Homann calls not for moral exhortation but for institutional reform. In this spirit, the traditional ethics of individual *moves within the game* is corrected and complemented by an ethics of the *rules of the game*.

This conceptual shift—from *intentions to institutions*—lays the foundation for a game-theoretically informed institutional economics of moral implementation, which Homann proceeds to develop in the next step.

His third fundamental idea is to harness the analytical tools of economic theory to provide a foundation for his new *Order Ethics*. His core thesis is this: The game-theoretical model of the prisoners' dilemma yields economic insights of profound ethical significance. Two insights are central to his argument.

First, the institutional design of the framework order constitutes a public good—one that tends to invite *undesirable* free-rider behavior. Democratic political procedures can thus be interpreted as mechanisms for *overcoming* a collective prisoners' dilemma.

Second, the prevention of cartel structures through competition policy gives rise to desirable free-rider behavior among firms on one side of the market. In this light, the principle of competition—understood as a *systemic imperative* of the market economy—can be interpreted as the institutional *implementation* of a collective prisoners' dilemma.

The ethical significance of this second insight lies in its ability to reframe widespread criticisms of the market: The limitation of individual freedom under competitive conditions is not a weakness but a strength of the system. The moral legitimacy of the market economy stems precisely from its systemic logic of constraint.

Accordingly, Homann's Order Ethics maintains that moral concerns should not be pursued by weakening markets through moral appeals, but by strengthening them through institutional reform of the framework order. The goal is to realize moral concerns in the *slipstream* of economic incentives—and to prevent ethics from unintentionally obstructing the realization of morality. As Homann (1990, p. 55) puts it:

“Behaviors that are morally correct and required in face-to-face relationships can be irresponsible in large, anonymous groups (e.g., Samaritan behavior). In such anonymous relationships within complex societies, the transfer of small-group morality to large-group contexts can have inverse effects; the morality of a large group cannot be seen as a seamless extension of small-group morality. Recognizing this may be the most important contribution that economics can make to contemporary moral discourse, since Western philosophical and theological ethics has long been—and continues to be—anchored in the paradigm of the small group.”

In addressing his original question, Homann concludes that ethics requires a *paradigmatic expansion*. For him, this means that ethics must be adapted to the functional conditions of modern society if it is to serve as an ethics of modernity—rather than remain trapped in premodern categories of thought.

This entails a clear rejection of the idea of the ‘just price’. As Homann (1990, p. 54) puts it: “The ‘just price,’ if it is distinguished from and not simply equated with the market price, is paradigmatically an outdated concept, because it focuses on individual actions rather than the governance of the economic subsystem.”

He pushes this point further (Homann 1990, p. 47): “Interventionism is not only inefficient, but also immoral.” Accordingly, Homann's Order Ethics aims to develop a *market-compatible ethics of the economy*—one that does not obstruct moral aims, but identifies viable pathways for their realization. He offers an ethical paradigm designed to fulfill normative aspirations not in opposition to, but in alignment with—and *through*—the systemic logic of the market economy itself.

The foundational insight is that the functional logic of competition can itself produce morally desirable outcomes—*provided* it is embedded in an appropriate institutional framework. On this basis, Karl Homann lays the foundation for a general theory of social order—one that assumes competition to be a structuring principle not only of the economy but of other functional subsystems of society as well (for Homann's *Order Ethics*, see especially Homann & Blome-Drees 1992; Homann & Lütge 2005; Homann 2014; and the interpretation by Pies 2010/2022, 2023a; and Pies et al. 2008; furthermore, see Lütge et al. 2016; Lütge & Mukerji 2016 as well as Homann & Suchanek 2022).

III. The Ordonomic Research Program

Ordonomics² incorporates theoretical impulses from Order Economics and Order Ethics, transforming them into a distinct research program that conceptualizes societal learning processes as the—successful or unsuccessful—interplay of rule-following, rule-setting, and rule-finding. The goal is not to pit moral desiderata against the systemic logic of modern societies, but rather—to the contrary—to help realize them precisely by making strategic use of that logic: through processes of societal (self-)enlightenment and (self-)steering, combining processes of public reasoning and institutional design.

In contrast to Eucken's *Order Economics*, Ordonomics does not rely on typologies but on *models of social dilemmas*. Instead of drawing a broad distinction between centrally planned and market economies, it focuses analytically on institutional arrangements and their incentive effects. A central point of emphasis is that competition subjects actors to a dilemmatic system logic, as competitive pressure leads to a disconnection between intention and outcome. This disconnect makes it necessary to coordinate the *un*-intended consequences of intentional action through institutional design. In full alignment with Walter Eucken, Ordonomics therefore assigns paramount importance to the institutional framework when it comes to (positively) explaining or (normatively) shaping the outcomes of competition. Using the spotlight of the ordonomic approach—whose beam is trained on institutional incentives—one can illuminate all subsystems of society that are structured by competition: most notably the economy (competition for customers) and sports (competition for medals), but also politics (competition for voters), the public sphere (competition for attention), and science (competition for expert consensus).

Unlike Homann's *Order Ethics*, which relies on a two-level analytical framework, Ordonomics employs a *three-level* model. It distinguishes between three societal arenas: the arena of base games, where actors choose their moves; the arena of meta games, where actors negotiate and establish the rules of the game; and the arena of meta-meta games, where actors engage in discourse to identify and agree upon shared rule interests.

This systematic differentiation—between rule-following, rule-setting, and rule-finding—is typically operationalized in contexts of *Order Ethics* by mapping the three levels onto the domains of the economy, politics, and the public sphere (cf. Fig. 1). However, the schema is flexible and transferable to other contexts.

For example: A family goes on vacation (base game); the parents choose the destination (meta game); and the family council discusses whether the children should have a say in future vacation decisions (meta-meta game).

The typical application to societal learning processes looks as follows: Scientists publicly warn about global warming (meta-meta game). Politics responds by introducing a cap-and-trade system for greenhouse gases (meta game). This changes the incentives in the base game: Emitting carbon dioxide becomes more expensive. As a result, economic

² The neologism *Ordonomics* combines the Latin term *ordo* with the Greek term *nomos*. It refers to a research program for a *theory of social order*—or, alternatively, of *societal constitution*—that generates both *positive* and *normative* analyses aimed at *explaining* and *shaping* how *societal learning processes* function—while fully acknowledging that such processes may also fail.—In ordonomic terminology, the term *moral desiderata* denotes functionally desirable moral goals. These are normative aims not grounded in contested value judgments, but in universalizable principles—principles that many people can agree upon because they improve societal coexistence. Examples include combating poverty, discrimination, and disease, or protecting peace and our natural life-support systems. *Ordonomics is committed to contributing to the realization of such moral desiderata*. For an introductory overview, cf. Pies (2022a) and (2022b).

actors calculate how to reduce emissions for cost reasons. In this way, the price mechanism of the market is put into service for climate protection.

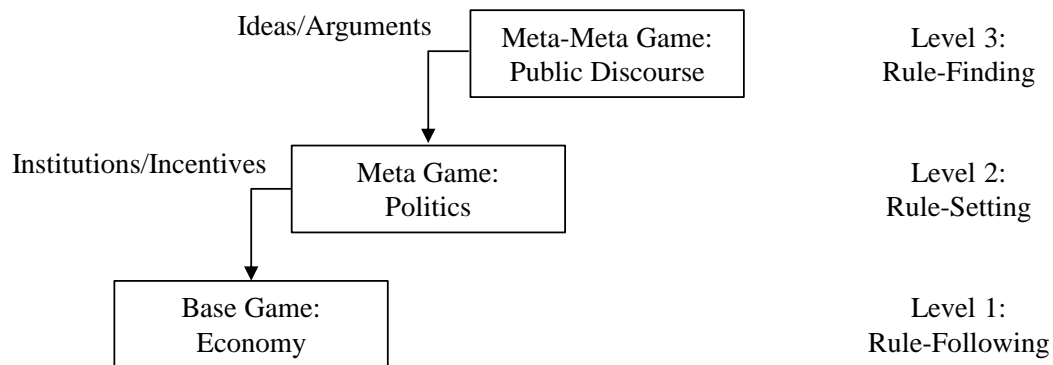


Figure 1: The ordonomic three-level schema – Source: Own illustration

This three-level schema marks a shift in focus compared to traditional *Order Economics* and *Order Ethics*. While these ordonomic sources of inspiration primarily examine the connection between the lower two levels—between rule-following and rule-setting—*Ordonomics* concentrates its analytical attention on the upper two levels: *on the interplay between rule-setting and rule-finding*. The ordonomic focus lies on the interdependencies between social structure and semantics, base and superstructure, institutions and ideas, incentives and arguments—between the order of action and the order of thought.

This expansion from a two-level to a *three-level analysis* opens up a specifically *ordonomic* approach to diagnosing and addressing societal crises. Ordonomics starts from the constitutive assumption that *discourse failure* can lead to *policy failure*, which in turn can trigger *market failure*—and that all problems of societal (self-)steering in modern society must ultimately be conceptualized as problems of societal (self-)enlightenment (Pies 2000). The core insight is this: In systemically structured, competition-driven contexts, moral desiderata cannot be realized *without* incentives—let alone *against* them—but only *with* them, and indeed *through* them.

Inspired by Walter Eucken and Karl Homann, Ordonomics conceptualizes its foundational problem as the *moral paradox of modernity*. This term refers to the striking phenomenon that the specifically modern, post-Malthusian growth society—organized through systems of competition in the economy, politics, science, and the public sphere—is uniquely capable of realizing key moral desiderata, and in many respects already does so, while simultaneously facing moral objections that can escalate into a fundamental rejection of its competition-based functional logic.

Ordonomics interprets this finding as a paradox not of modernity, but of morality: as a *self-contradiction within morality*—to be resolved by means of ethics, i.e. by means of theoretical work.

At the heart of this interpretation lies a *diagnosis of modernity*: the observation that, in a Malthusian society, the evolution of ideas and economic innovation primarily manifests as population growth accompanied by low living standards—whereas in a post-Malthusian society, these same drivers lead to increased life expectancy, higher living standards, and greater life satisfaction. This analysis is supported above all by the work of economic historians such as Gregory Clark (2008) and Deirdre McCloskey (2006, 2010,

2016), who interpret the shift from a Malthusian to a post-Malthusian society as a fundamental turning point in human history.

The distinctly modern, post-Malthusian growth process is accompanied by profound institutional transformation: the emergence of the democratic constitutional and welfare state with party competition, the competitively structured market economy, science as an epistemic system of regulated truth-seeking, and the pluralistically organized media public sphere, among others.

Taken together, this leads to a structural differentiation between *life-world* and *system*—a distinction that gives rise to numerous challenges in *intellectual orientation*. These challenges can be seen as an *epiphenomenon of ongoing modernization processes*, through which societies continue to *emancipate* themselves from the Malthusian functional logic that prevailed for millennia.

The differentiation between system and life-world—both in terms of social structure and semantics—can succeed or fail. In total, four cases have to be distinguished (cf. Fig. 2). Quadrants I and III represent cases in which social structure and semantics align (*match*), whereas Quadrants II and IV depict constellations where the two are misaligned (*mismatch*).

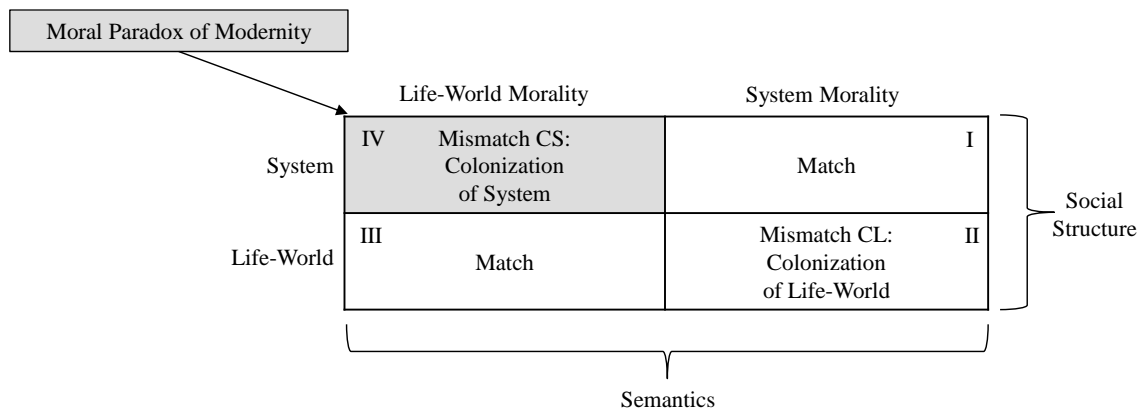


Figure 2: The moral paradox of modernity as a mismatch problem –
Source: Own illustration based on Pies (2025b; p. 21, Fig. 3)

Mismatch CL can be described as a *systemic colonization of the life-world*: Here, intimate small-group relationships—such as friendships or family bonds—come under pressure as they are overlaid and potentially deformed by systemic incentive mechanisms. The result is an erosion of moral orientation and motivation, as the structure of interpersonal relationships is fundamentally altered. Two examples illustrate this dynamic:

- When an individual borrows money from a friend, the relationship may suffer. Where previously trust and solidarity prevailed, repayment deadlines, expectations, and potential mistrust begin to dominate—the systemic medium of *money* undermines the logic of *friendship*.
- When an entrepreneur hires a close relative, a family relationship is transformed by the systemic logic of hierarchy, compensation, and performance evaluation. Emotional closeness is displaced by the cold functional rationality of economic interaction—often resulting in *tension* and *alienation*.

In both cases, a principle of functional system rationality intrudes into morally sensitive relationships—with the result that moral practices rooted in the life-world can no longer be lived as originally intended.

Mismatch CS, by contrast, can be described as a *life-world colonization of the system*. Here, the problem is reversed: Modern functional systems are judged by normative standards drawn from the (microcosmic) life-world—standards that are structurally inappropriate and thus fail to do justice to the (macrocosmic) character of such systems. This gives rise to morally inflated expectations that disrupt functionally necessary mechanisms—often well intended, but poorly executed. Two typical examples illustrate this point:

- When a manager is expected to give hiring preference to family members, such an expectation reflects a principle of personal loyalty. However, this practice is widely criticized—not only in private companies but also in public institutions—as *nepotism*. And this criticism is not merely based on concerns about efficiency, but also in view of fairness and equal treatment.
- When businesses are called upon to refrain from *price gouging* in a situation of acute scarcity and to charge no more than a so-called ‘just price’—or even to offer ‘solidarity-based’ discounts to those in need—the price mechanism as a market-based coordination tool for managing scarcity is not taken seriously and is effectively suspended. Yet under competitive market conditions, Samaritan behavior is not rewarded with profits but punished with losses—and due to incentive effects, it often leads beneficiaries to engage in behaviors that unintentionally aggravate the crisis.

In addressing the *moral paradox of modernity*, ordonomic theory seeks to uncover the causes and consequences of such mismatch phenomena—and to open up avenues for a societal self-correction of semantics and social structure: for *ideational (self-)enlightenment* regarding appropriate normative standards and for *institutional (self-)steering* through functional (re-)forms of incentive structures. Accordingly, the ordonomic research program is categorically oriented toward the systematic analysis of the interplay between *social structure* and *semantics*. Its theoretical work focuses on the *patterns of thought* that underlie public discourse.

Against this background, Ordonomics concentrates on two particularly consequential phenomena: *folk economics* and *folk ethics*—that is, everyday economic and moral beliefs that can be empirically observed and theoretically analyzed, but often turn out to be contextually flawed. These patterns of belief can be identified as a major source of public disorientation (Pies 2023b).

Folk-economic beliefs are generally characterized by faulty causal reasoning—for example, the assumption that firms can lower prices or raise wages at will, irrespective of market constraints. Such beliefs also include the misconception that increasing the housing supply will lead not to lower but to higher rents, or the fixed-pie notion that women entering the workforce displace male workers, and that immigration results in job losses for natives.

Folk-ethical beliefs, by contrast, are shaped by normative intuitions—typically (microcosmic) ideas of fairness or justice—that are difficult to fulfill or even counterproductive under the (macrocosmic) conditions of modern functional systems. Examples include equating moral action with self-sacrifice, confusing self-interest with selfishness, and expecting moral motives to take categorical precedence over economic success—regardless

of the incentive structures involved. These are often basic context errors, such as applying the normative maxim “From each according to his ability, to each according to his needs” (Marx 1875/1987, p. 21)—a principle rooted in intra-family relationships between parents and young children—to large-scale coordination systems involving millions of anonymous actors.

Both forms of cognitive and normative disorientation—each on its own, but especially in combination—lead to a distorted understanding of economic and political crises. In this way, they contribute to *Mismatch CS*: the *life-world colonization of functional systems* through categorically misguided moral judgments. For example, when the folk-economic idea of zero-sum thinking is combined with the folk-ethical tendency to frame situations in terms of a perpetrator-victim schema, the result is a moral perception that sees voluntary market exchanges not as win-win interactions but as inherently win-lose. This perception then triggers the moral impulse to intervene—to stop the ‘perpetrator’ in order to protect the ‘victim.’ The outcome is a discourse dynamic programmed for interventionism: It seeks to halt free market interactions because it misinterprets mutual gains as one-sided exploitation.

To counter such misperceptions and misjudgments, Ordonomics develops a theory-guided analytical tool that enables the systematic reconstruction of the argumentative structure of moral judgments. At its core lies the *practical syllogism*, which breaks moral reasoning down into three components: a *normative premise* (“What goals do we want to pursue?”), a *positive premise* (“What is realistically achievable?”), and a derived *normative conclusion* (“What measures should be taken?”).

Normative misjudgments arise when either the normative or the positive premise is incorrectly chosen. While *folk-economic beliefs* relate to the *positive* premise (e.g., false assumptions about how markets work), *folk-ethical beliefs* concern the *normative* premise (e.g., utopian or contradictory value standards). Both types of error lead to *normatively problematic conclusions*—such as policy demands that may be morally well-intentioned but nevertheless produce unintended negative consequences and prove dysfunctional at the societal level.

In response, Ordonomics develops *outperforming arguments* by drawing on economic insights and ethical reflection—arguments that aim to realize moral desiderata not through moralizing appeals but through the intelligent design of rules and incentive structures.

Despite numerous refinements in detail, it is unmistakable that Ordonomics stands in continuity with the theoretical work of Walter Eucken and Karl Homann—and explicitly acknowledges this lineage.

The ordonomic diagnosis of the *moral paradox of modernity*—as well as the theoretical strategy for resolving it—is visibly inspired by Karl Homann’s approach of identifying a self-contradiction within morality as a foundational problem of *Order Ethics*. The theoretical intention remains unchanged: not to settle for an ethics that resigns itself to placing morality in opposition to the systemic imperatives of competition-based functional systems—thereby subjecting it to conditions of erosion.

There are also important lines of continuity with Walter Eucken. To highlight just one: Eucken likewise saw it as the task of science to elevate thinking into an ordering force—thus contributing to the *de-ideologization*, rationalization, and cognitive enhancement of public discourse. As early as 1932, he articulated an insight that Ordonomics can directly build upon in its efforts to publicly challenge and correct folk-economic and folk-

ethical beliefs—that is, widespread but misguided intuitions about markets and morality—thereby strengthening modern society’s problem-solving capacity, particularly its potential for self-correction. Eucken (1932, pp. 318f., italics in original, translated by IP) wrote:

“Major historical processes are always accompanied by ideologies that seek to present them as good and meaningful. ... But there is something peculiar about these ideologies. *They affirm and support movements that end up achieving precisely the opposite of what their advocates had hoped for.*”

In this sense, the ordonomic effort to reconcile morality and modernity stands in continuity not only with Karl Homann’s *Order Ethics*, but also with Walter Eucken’s *Order Economics*. By focusing its research perspective on the *moral paradox of modernity*, Ordonomics concentrates on the interplay between arguments and incentives, between ideas and institutions.

It is precisely through this focus that *Ordonomics* opens up new possibilities for scientifically grounded policy advice. It is capable of generating arguments that can trigger ‘Aha!’ moments in public discourse—as the following section will show by illustrating the thematic breadth and analytical depth of the ordonomic research program in practice.

IV. Ordonomic Applications

The following applications illustrate how the ordonomic toolkit for analyzing semantics and social structures can be used—by way of example—for argumentative (self-)enlightenment and institutional (self-)steering in modern society.

(1) Karl Homann (1990, p. 43 ff.) already pointed out that competition can be reconstructed as a multi-person prisoners’ dilemma. To support this, he cited the classic passage from Luce and Raiffa (1957/1985, pp. 94–97). Ordonomics builds on this idea to develop a legitimation argument in favor of market competition (Pies 2000, pp. 52–62; 2001, pp. 155–176). The underlying idea is to use the multi-sided prisoners’ dilemma for deciphering the ‘dialectic of freedom and coercion’ (Pies 1993; pp. 285–304): Public ordering does not aim to reduce freedom through coercion, but rather to collectively constitute and expand individual freedom. By limiting certain courses of action (for opportunistic behavior), the individual possibility space (for mutual improvement) is expanded. The basic features of this argument can be developed in three steps.

First Step: Every market transaction is subject to the situational logic of a multi-sided prisoners’ dilemma. Faced with the choice of honoring or breaking their promise to exchange, both parties—supplier and buyer—are tempted to defect, which would undermine the transaction and result in collective self-harm. In everyday life, this tendency to mutual impairment usually remains hidden. This is because modern society does not leave exchange partners in an institutional vacuum, but helps them stabilize their transaction through legal instruments—such as private contracts that reliably tie performance and compensation. Such contracts are enforceable under the rule of law. In this way, suppliers and buyers, positioned vertically on opposite sides of the market, can escape their bilateral social dilemma. Interim conclusion: Their vertical market exchange is a societally *desirable* interaction—but one that is vulnerable to exploitation and therefore needs to be institutionally *stabilized*.

Second step: Competitive interactions among suppliers (or among buyers) are also subject to the logic of a multi-sided prisoners’ dilemma. Each side of the market faces a

temptation to form a cartel to maximize joint interests—but this collective self-interest is undercut by the individual temptation to defect and undermine their common group interest. Interestingly, modern society deliberately intensifies this tendency: by withdrawing legal protection for cartels, criminalizing price-fixing, and increasing the organizational costs of collusion through the open-market principle of free entry. Interim conclusion: Cartel behavior is a societally *undesirable* interaction that needs to be institutionally *destabilized*.

Third step: If one considers the suppliers and the buyers, each taken as a group, a multi-sided prisoners' dilemma becomes apparent here as well. Each group, whose members operate next to each other on one side of the market, faces the decision of whether to organize as a cartel. This gives rise to four distinct market forms: a supplier monopoly, a buyer monopsony, a bilateral monopoly (with symmetrical cartelization on both sides of the market), and the competitive market (without any cartelization). Left to their own devices, both sides would end up in a bilateral monopoly. By comparison, the competitive market is more attractive for both. Interim conclusion: The institutional *destabilization* of cartel behavior—simultaneously on both sides of the market, that is, horizontally—serves to *overcome* a collective vertical dilemma.

This three-step line of thought leads to a systemic insight: A functioning market is a carefully nested arrangement of dilemmatic incentive structures, where horizontal dilemmas (between competitors) are established to overcome vertical dilemmas (between cooperation partners). The resulting legitimization argument is as follows: *Competition is an instrument of societal cooperation*. This means that, from an ordonomic point of view, competition is not an end in itself. Rather, it is institutionally deployed to generate performance incentives for market participants to be useful to one another. When implemented correctly, competition compels actors to contribute to mutually beneficial cooperation—even where mutual betterment is not their primary intent. To achieve this systemic result of advantageous reciprocity, *moral incentives* are both necessary *and* sufficient; *moral motives* are *neither*.

This functional analysis of institutionally cultivated competition is grounded in models of social dilemmas. Translated into moral language, the ordonomic core insight is that market competition enables “solidarity among strangers” (Pies 2015). It achieves “what otherwise only love achieves” (Simmel 1903, 2008, p. 207)—or even more pointedly: Market competition (systemically) achieves what even love often fails to achieve (in our life-world)—a seamless extension from *love of one's neighbor* to *love of the most distant*.

This is accomplished not through rising levels of altruism (‘extending the circle’), but through a *categorical* shift in coordination of actions—*from intentions to institutions*. The global expansion of the radius of interaction among anonymous value-creation partners generates *functional empathy* without requiring *emotional empathy*. Markets transform strangers into exchange partners with shared interests.

Such functional empathy need not be consciously felt or benevolently intended. What matters is that the institutional order effectively coordinates the unintended consequences of intentional actions. To enable mutual betterment at scale, moral performance incentives—not moral motives—are decisive. In short: What counts are institutions (for interaction), not intentions (for action).

This ordonomic legitimacy argument in favor of market competition can be understood as a contribution to resolving the *moral paradox of modernity* (cf. again Quadrant IV in Fig. 2): It shows how moral desiderata can be realized system(at)ically through

highly *artificial*, institutionally cultivated incentive structures, thereby countering reservations that misconstrue competition as *naturalistic* egoism.

(2) Following ordonomic terminology, we avoid the umbrella term *Business Ethics* and instead distinguish between two levels of normative reflection: *Corporate Ethics*, which focuses on the moral strategies and responsibilities of firms (and managers) within existing institutional market frameworks; and *Economic Ethics*, conceived as the ethics of the economic order, which addresses the moral quality and potential reform of market frameworks. This distinction corresponds to the German terms *Unternehmensethik* and *Wirtschaftsethik*, respectively.

Karl Homann argued that Corporate Ethics must be grounded in, and framed by, a broader Economic Ethics (Homann & Blome-Drees 1992). Ordonomics embraces this position (Pies 2009a & 2009b). Yet it goes further: The ordonomic version of Corporate Ethics ascribes a similarly fundamental significance to the model of the “one-sided prisoners’ dilemma” (Kreps 1990, Greif 2000) as it does to the model of the multi-sided prisoners’ dilemma for its version of Economic Ethics. In a *multi-sided* prisoners’ dilemma (involving two or more players), exploitation is *symmetrical*: Each actor has the ability to inflict harm on others, and to be harmed in return. In a *one-sided* prisoners’ dilemma (between two players), by contrast, exploitation is *asymmetrical*: Player B can harm player A, but not vice versa.

At its core, the one-sided dilemma is a dynamic trust game. This model allows—quite analogous to the multi-sided prisoners’ dilemma and its *dialectic of freedom and coercion*—for the deciphering of a peculiar *dialectic of power and powerlessness* in the relationship between *perpetrator and victim*. Grasping this logic is crucial for ethics, because it frees us from the moral spell of the ‘perpetrator-victim schema’ (Gray 2025) and the ‘tribalistic’ emotions (Greene 2014) it so easily provokes.

The model conveys two key insights.

- First, if exit options are available, the perpetrator’s power is merely apparent, as the victim—anticipating exploitation—withdraws from interaction. Any one branded as an exploiter quickly runs out of victims and, ultimately, of productive partners. What initially seems like power silently turns into the powerlessness of isolation: Without trust, interaction collapses.
- Second, once the would-be exploiter recognizes this structural impotence, he develops a vested interest in signaling that he will not exploit. But mere lip service or cheap talk is not enough; the incentive structure itself must be credibly altered—through institutionally embedded sanctions, whether positive or negative.

A clear illustration is the product guarantee: By accepting legal liability for defects, a firm credibly signals quality, thereby enabling transactions that would not take place under uncertainty. The situational logic is straightforward: When the fear of exploitation disappears, cooperation becomes viable. By binding himself, the potential exploiter relinquishes his original power to harm—and in doing so acquires the much greater power to attract cooperative partners, creating mutual value.

(3) Against this background, the ordonomic version of Corporate Ethics investigates how companies can use *moral commitments* as a *factor of production*. Two conceptual clarifications are combined here. On the one hand, a distinction must be made between the situational logic of the *one-sided* prisoners’ dilemma and that of the *multi-sided* prisoners’ dilemma. The former requires *individual*, the latter *collective* (self-)commitments.

On the other hand, a distinction must be made as to whether a company binds itself or whether it provides a binding service for its interaction partners, i.e., helps them to bind themselves. Combining these clarifications—type of dilemma versus bearer of commitment—yields four systematic cases (cf. Fig. 3). The resulting four-quadrant matrix charts the governance strategies by which companies can build an institutionally anchored architecture of trust—and thus create value.

- Quadrant I addresses cases where firms empower individual stakeholders to build trust themselves. Platforms like Airbnb or Uber reduce entry barriers for hosts and drivers to establish credibility. When problems arise, the platform can lift anonymity, offer clear complaint channels, and ensure fair conflict resolution—so customers don't feel at the mercy of strangers.

		Binding Object	
		Firm	Stakeholder
		IV	I
Situation Logic	One-sided Dilemma	Individual (Self-)Commitment	Service for Individual (Self-)Commitment
	Multi-sided Dilemma	III Collective (Self-)Commitment	II Service for Collective (Self-)Commitment

Figure 3: The ordonomic strategy matrix –

Source: Own illustration based on Pies et al. (2009; Fig. 5, p. 389).

- Quadrant II tackles collective free-rider problems by equipping stakeholder groups with shared rule sets. Internally, this takes the form of codes of conduct that define expectations and sanctions, for instance regarding customer data protection or quality standards for intermediate goods. Externally, firms offer binding services such as the Payment Card Industry Data Security Standard (PCI DSS). Initiated by Visa and Mastercard, PCI DSS obliges merchants to meet strict IT-security standards. Its incentive-compatible structure has turned it into the global benchmark for secure electronic payments.
- Quadrant III involves collective self-binding among competitors, not to form cartels but to establish a level playing field. The IATA Operational Safety Audit (IOSA) is a prime example. Airlines joining the International Air Transport Association must pass a uniform safety audit. Though voluntary in principle, IOSA has become a de facto standard in global aviation, creating mutual trust through standardization.

- Quadrant IV focuses on individual self-binding. Firms constrain their own actions to signal trustworthiness. IKEA exemplifies this by committing to human and children's rights across its supply chain, referencing international standards like the UN Guiding Principles and OECD Guidelines. It enables external scrutiny, accepts due-diligence obligations, and invites complaints. Through credible self-commitment, IKEA fosters consumer trust and moral ease in purchase decisions.

The matrix is easily elaborated. Overlay it with the three ESG dimensions, and it becomes a 12-cell map of sustainability strategies (Beckmann et al. 2014). Add the three facets of business-model innovation—value proposition, value creation, value capture—while dropping individual self-binding, and you arrive at a “sustainability cube” (Pies & Schultz 2023). In both forms the framework serves as a navigational aid, helping managers treat *moral commitments* as a genuine *production factor*.

The conceptual backdrop pairs two dialectics: (a) power vs. powerlessness—the one-sided prisoners' dilemma; (b) freedom vs. coercion—the multi-sided prisoners' dilemma. Here, coercion need not curtail freedom; in the form of collective commitments it can actually expand individual room to maneuver (Homann & Pies 1993/2012). The managerial task, then, is to unlock value-creation potential that would otherwise lie idle by building a robust architecture of trust—one that entices partners into productive yet exploitation-prone relationships. Ordonomics equips leaders to spot such fragility and to cope with it through smart governance.

(4) Ordonomics adopts Oliver Williamson's (2010, p. 100, italics in original) understanding of governance. In his Nobel Prize lecture, he defines: “[G]overnance is the means by which to infuse *order*, thereby to mitigate *conflict* and realize *mutual gain*.” On this view, order fosters peace—and in doing so, enables cooperative mutualism and reciprocal betterment.

Against this backdrop, ordonomic Corporate Ethics draws a fundamental distinction between optimization and governance. *Optimization* concerns the selection of moves that maximize profit. *Governance*, by contrast, focuses on shaping the rules of the game to align and advance shared interests between the firm and its stakeholders within the value-creation network.

On the basis of this conceptual distinction, the ordonomic framework uncovers, analyzes, and seeks to rectify a recurring *categorical mistake*—structurally analogous across the literatures on corporate social responsibility, stakeholder theory, and sustainability management. Figure 4 depicts both the underlying problem and the corresponding ordonomic solution strategy.

The vertical axis shows a firm's marginal profit; the horizontal axis plots its activity level devoted to achieving a moral objective—such as assuming social responsibility, addressing stakeholder interests, or improving environmental and social performance. Also shown are the downward-sloping marginal profit curves. These represent the first derivative of the profit function, indicating how profit changes as the firm incrementally intensifies its moral efforts—e.g. by enhancing environmental protection, improving workplace quality, or raising product standards.

If a firm is strictly profit-oriented, it will expand its activity while marginal profits are positive and reduce it when they turn negative. Graphically, this means the firm will move—depending on its starting point—from A to B, or from C to B. Point B marks the

profit maximum, where marginal profit equals zero. It is an equilibrium: The firm cannot improve its position by slightly increasing or decreasing its activity level.

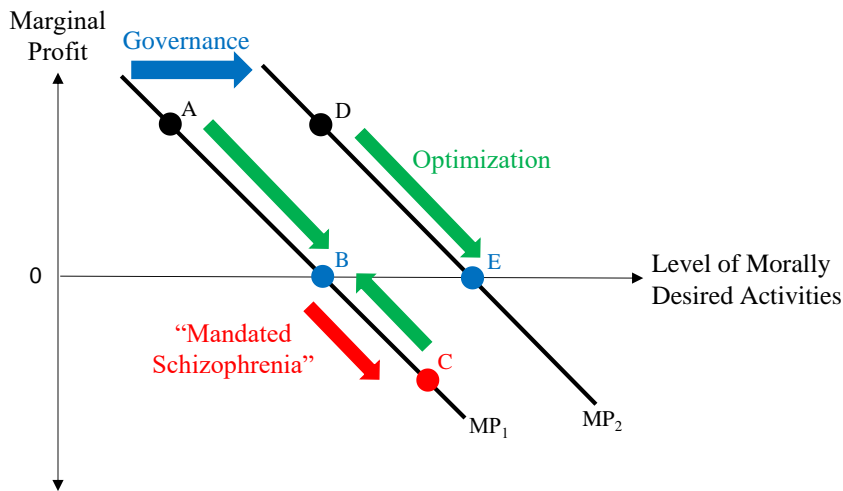


Figure 4: Optimization versus Governance and the Phenomenon of “Mandated Schizophrenia” – Source: Own illustration

Many business ethics scholars find point B unsatisfactory. They argue that higher levels of moral achievement are desirable and urge firms to move further right—even at the cost of reduced profits, e.g., from B to C. Their normative demand: Firms should not cling to profit maximization but adopt a broader utility function in which profit is balanced—if not subordinated—to non-financial goals such as social responsibility, stakeholder interests, or sustainability.

From an ordonomic perspective, such normative demands amount to a kind of ‘mandated schizophrenia’: Firms are expected to pursue multiple, potentially conflicting goals simultaneously. This is problematic on several levels.

First, even if well-intentioned, such demands expand managerial discretion and deepen the principal–agent problem between owners and executives. They undermine the coordinating function of markets, which is to allocate resources in line with consumer preferences. But even if—counterfactually—managers acted altruistically and were genuinely committed to moral objectives, a second issue remains: an information problem. Without the guidance of price signals, managers lack a reliable compass to navigate the countless tradeoffs of everyday business. Milton Friedman highlighted the agency problem; Ludwig von Mises, F. A. Hayek, and Michael C. Jensen emphasized the knowledge problem (cf. Pies et al. 2021; Pies & Hielscher 2023).

Against this backdrop, ordonomics offers a superior solution: Rather than advising firms to abandon profit orientation—and thus risk their very survival—it points to *governance-plus-optimization* (Pies & Valentinov 2024). If managers are capable of shaping incentive structures within their value-creation networks, they can shift the marginal profit curve upwards, and then move along further to the right, say from D to E. Rather than renouncing optimization, they change the rules of the game so that new, superior strategies become profit-maximizing.

Ordonomics does not question the desirability of achieving higher moral standards. It simply emphasizes that there are two distinct paths to this goal:

- The first path is *system-incongruent*. In Kantian terms, it imposes heteronomy. Firms are burdened with conflicting mandates and existential risks. One should harbor no illusions here: The market economy does apply the ‘death penalty’—not to natural persons, but to legal ones. The, admittedly harsh, institution of bankruptcy exists for good reason. Firms that generate losses do not enrich society; they impoverish it. Value is created only when customers are willing to pay *more* than the cost of production. If not, the firm consumes more resources than it generates in returns, and insolvency serves to eliminate such inefficiencies.
- The second path is *system-congruent*. It accepts the systemic imperative of autonomous profit-seeking under competitive pressure. But it redirects this drive toward innovation through governance. Firms do not abandon profit orientation—they reinforce it. Together with their partners, they redesign incentive structures to address interaction problems: Collective commitments overcome free-rider dilemmas; individual commitments resolve trust issues.

Graphically, the ordonomic concept of *governance-plus-optimization* aims at moral progress in two steps. First, governance shifts the marginal profit line by transforming the institutional framework within which the firm seeks optimal actions. This catapults the firm from point B to point D. Second, staying true to its profit orientation, the firm then re-optimizes along the new curve, reaching point E—where a higher activity level delivers a greater realization of the moral objective without sacrificing profitability. Contributing to moral progress has become incentive-compatible.

(5) According to ordonomic thinking, managers fulfill two essential systemic functions: optimization and governance. *Optimization* refers to profit-oriented allocation decisions—choosing, in each situation, the most efficient course of action from a set of available alternatives. This is ‘economizing’ in the narrow sense: the application of means–end rationality to business operations. *Governance*, by contrast, involves changing the situation itself. This managerial task consists in improving the rules of the game so that different moves become optimal. This cannot be accomplished through individual decisions alone; rather, it requires negotiation processes in which the consent of other actors must be obtained. This calls for ‘economizing’ in the broader sense: managing a network of value-creation partners—in effect, a kind of strategic *relationship management*.

Put differently: Managers must not only assume *optimization responsibility* for their profit-seeking behavior, but also *ordo responsibility* for that behavior—more precisely, *ordo responsibility* for the institutional conditions that make such optimization behavior rational in the first place.

Viewing this governance task through the ordonomic three-level schema (Fig. 1) makes plain how far-reaching the ordonomic shift from a two-tier to a three-tier analysis is. *Optimization responsibility* refers to the base game: the day-to-day management decisions about profit-oriented deployment of production factors in operations, i.e., the choice of moves in the value-creation process. *Ordo responsibility*, by contrast, refers to the corresponding meta games. From an ordonomic perspective two further levels must be distinguished here: first, the meta game of *socio-structural (re-)formation*; second, the meta-meta game of *semantic (re-)orientation*.

- In the *meta game*, the issue is *rule-setting processes*. Here, managers negotiate and conclude both formal and informal agreements that reshape incentives—

such as striking new working-time deals with the works council or rewarding suppliers for co-developing product innovations. In this arena, they exercise their *ordo* responsibility in the form of *steering responsibility*: the deliberate design of institutions that guide the moves of all actors involved.

- In the *meta-meta game*, by contrast, the issue is *rule-finding through discourse*. Here, managers curate conversations. They craft arguments that surface shared interests and foster genuine consensus—continually reminding all parties why the firm exists and which vision of value creation offers orientation and meaning. In this arena, they exercise their *ordo* responsibility in the form of *enlightenment responsibility*: guiding the collective search for the ideas and narratives that ought to govern the game.

Level 3—the discourse arena—has long been the blind spot of management training, yet it is decisive. Here, a firm either sweeps inconvenient truths under the rug or fosters a culture of constructive critique that surfaces problems early and resolves them quickly. Partners in the value-creation network must be persuaded that performance controls serve their own interests; otherwise, they will view such controls as illegitimate interference and try to circumvent them in the base game.

The meta-meta game matters not only for keeping daily operations friction-free; more importantly, it serves as the engine of new ideas. Lively, well-curated discourse—and the sparks it ignites—is a key driver of entrepreneurial innovation.

In the meta-meta game, managers must act as skilled communicators—an ability that ordonomic Corporate Ethics is well equipped to cultivate. The challenge lies in the fact that problems and conflicts often surface in moralizing, person-centered rhetoric. Ordonomics offers two remedies.

- First, it trains managers to translate fluently between moral language and economic logic: to trace moral grievances back to misaligned incentives—and to reframe better incentive structures as genuine moral progress.
- Second, ordonomics encourages managers to adopt a constructive mindset. The social-dilemma heuristic enables them to interpret moral grievances not as threats, but as opportunities—indications of unrealized win-win potentials, of ‘missing markets’ or ‘missing exchanges,’ whose creation could express a shared interest in new or improved rules.

This is *value creation through sense-making*: a communicative form of management—grounded in *argumentative competence*—that *shapes perceptions and expectations* within the value-creation network.

(6) The ordonomic three-level schema, with its focus on the interplay between social structures and semantics—between institutions and ideas—is of foundational importance not only for Economic Ethics and Corporate Ethics, but also for a general *ethics of societal functional systems*. Thanks to its categorical distinction between *enlightenment* (level 3) and *steering* (level 2), Ordonomics gains analytical leverage in addressing interaction problems (level 1).

As a form of Order Ethics, *Ordonomics* deliberately avoids moral appeals aimed at strengthening ‘good will.’ It recognizes that within competitive incentive structures, such exhortations—which urge individuals to act against their own interests—are likely to be counterproductive.

At the same time, Ordonomics goes beyond abstract calls to pursue win-win outcomes. To be genuinely informative, it begins with a fundamental question: Why have seemingly obvious win-win potentials not yet been realized? Why do they remain untapped—and why might that continue? In short, Ordonomics seeks to identify *persistent implementation barriers* to moral progress.

Methodologically, it does not trace moral grievances to a lack of moral *motivation*, but to a lack of moral *incentives*. Particular emphasis is placed on the situational logic of social dilemmas—whether *one-sided* or *multi-sided*—depending on whether good or bad behavior becomes contagious, and whether *individual* or *collective* self-commitments are required to prevent morally desirable actions from being exploited.

Accordingly, the ordonomic three-level schema offers three key insights:

- Level 1: A moral grievance is interpreted as the outcome of a social dilemma within the base game—that is, as the result of an equilibrium *strategy combination*. Accordingly, it is not enough for single actors to change their behavior; *all* actors must shift their strategies *simultaneously* to reach a new equilibrium. This reframes traditional ethics of *action* as an ethics of *inter-action*, expanding behavioral ethics into an ethics of strategic conduct.
- Level 2: The outcomes of the base game are shaped by the incentive structures established at the meta level. As a result, the key to resolving moral grievances shifts upward: *Within social dilemmas, the institutional framework becomes the systematic locus of morality*. This complements individual ethics by an *ethics of institutional incentives*.
- Level 3: To resolve the grievance at the base-game level, the incentive structures in the corresponding meta game must be improved. However, this can only succeed if the actors relevant for institutional reform recognize that they share a common interest in agreeing—within the meta-meta game—on institutional solutions to the interaction problems of the base game. As a result, the causal origin of the problem thus shifts upward once again. The ordonomic point: Unresolved *steering problems* at level 2 signal unresolved *enlightenment problems* at level 3. When institutional reforms fail to materialize, societal learning is blocked by *discourse failure*.

Put differently: When discourse fails, the systematic locus of morality shifts from the institutional order of action to the semantic order of thought. Before outcomes can be improved by new equilibria generated through reformed rules, common ideas about games (and game rules) must be developed—through prior clarification of shared rule interests via discursive (self-)enlightenment.

This means: The order-ethical supplementation of *individual ethics* by an *ethics of institutions* is, in ordonomic terms—again complementarily, not substitutively—further developed through an additional *ethics of ideas*. Just as an ethics of institutions serves to cultivate the social structure and to continually (self-)correct its (mis)incentives, an ethics of ideas serves to cultivate semantics and to continually (self-)correct popular (mis)perceptions and (mis)orientations.

This developmental trajectory can be summarized as follows:

- Given its specific problem setting, individual ethics holds: *The systematic locus of morality is the individual's good will*. The emphasis is on *personal responsibility* for one's own actions.

- Given its specific problem setting, institutional ethics holds: *The systematic locus of morality is the social-structural framework of rules*. The focus shifts to *steering responsibility* for the design of game rules.
- Given its specific problem setting, ideational ethics holds: *The systematic locus of morality is the semantic structure of thought*. The focus is on *enlightenment responsibility* for the conceptual understanding of games, their rules and outcomes.

(7) This ordonomic development of ethics has far-reaching implications for diagnosing and addressing the *moral paradox of modernity*.

From an ordonomic perspective, this paradox—and the associated tendency toward a life-world colonization of functional systems (Mismatch CS)—is often rooted in the misapplication of individual-ethical patterns to societal contexts where they are categorically inadequate.

In life-world settings such as family, friendship, or neighborhood relations, it is functional to assess moral quality primarily in terms of individual intentions. Moral action in these contexts means taking direct responsibility for one another—and appeals to ‘good will’ tend to work both immediately and effectively.

With the functional differentiation of modern societies—the emergence of autonomous systems such as science, politics, economy, and the public sphere—highly complex arenas have emerged in which the conditions for moral action change fundamentally. Unlike the still-relevant *microcosm* of small-group settings, the systemic *macrocosm* is no longer governed by immediate, personalized responsibility, but by structurally embedded incentive mechanisms that regulate anonymized interactions. The competitive logic of these subsystems implies that individual actions—when performed in equilibrium—often produce outcomes disconnected from the actors’ intentions. *Unintended consequences thus move to the center of moral desiderata and call for institutional management*. In such competitively structured systems, moral progress results not primarily from stronger moral motivation, but from the institutional alignment of incentives. In these contexts, moral appeals tend to function not as catalysts for change, but as sand in the gears.

Figure 5 helps clarify this ordonomic diagnosis by contrasting three modes of argumentation.

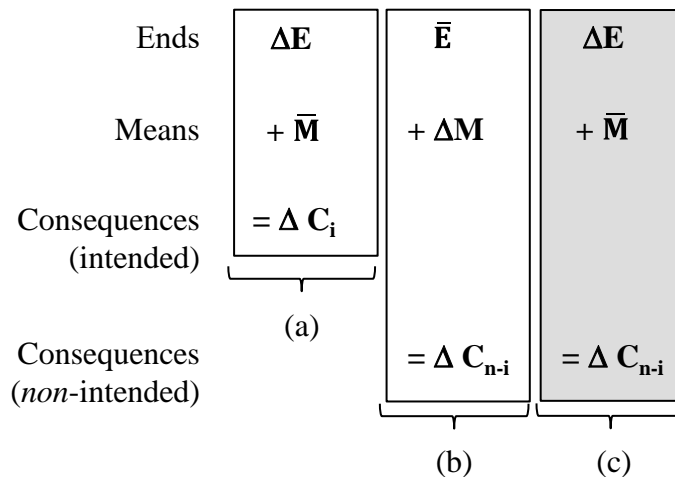


Figure 5: *Individual Ethics (a), Institutional Ethics (b) and Moral Confusion (c)* –
Source: Own illustration after Pies (2024, Fig. 4, p. 9).

- On the left is the appropriate mode of argumentation for *individual ethics* (a). It addresses a single individual, takes that person's situation as given, and recommends adapting one's motives to the situation so that morally desirable outcomes result. In terms of means–end rationality: The goal is to improve intended consequences (ΔC_i) by morally refining individual ends (ΔE), given the available means (\bar{M}).
- In the center is the appropriate mode of argumentation for *institutional ethics* (b). It addresses a collective of individuals, each presumed to pursue personal goals. Unlike individual ethics, which adapts ends to the situation, institutional ethics takes the reverse approach: It seeks to adapt the situation to the given ends (\bar{E}). The focus is on steering unintended consequences (C_{n-i}) by altering the means (ΔM)—namely, by institutionally shaping the actors' sets of options.
- On the right-hand side, figure (c) illustrates the flawed mode of reasoning characteristic of *moral confusion*. It applies the logic of individual ethics precisely where the logic of institutional ethics would be appropriate. The result is an *intentionalist fallacy*: an attempt—doomed to systematic failure—to control non-intended consequences (ΔC_{n-i}) through intentional (ΔE) rather than institutional (ΔM) means. Well-intentioned though it may be, this approach is ultimately futile: It asks individuals to act against their own incentives under competitive conditions. By setting moral motivation against systemic imperatives, it fuels the *moral paradox of modernity* and reinforces the tendency to *colonize functional systems* with lifeworld-based expectations. Karl Popper (1945/1992, vol. II, pp. 111–117) already warned that such intentionalist fallacies can pave the way for conspiracy theories.

The following four points illustrate how ordonomic efforts at enlightenment can be further developed to counteract the *moral paradox of modernity*—both within academic discourse and, potentially, in public debate. They mark the ideas-ethical transition from diagnosis to therapy.

(8) The social policy arrangements of modern welfare states are typically framed in terms of 'redistribution.' This *redistribution semantics* constructs a conflict narrative between rich and poor. Viewed as a static snapshot, it highlights that the state disproportionately burdens high-income earners through taxes and contributions, while disproportionately benefiting low-income groups through transfers. This framing fosters a perception pattern according to which the poor are seen as advocating for more redistribution, while the rich are seen as resisting it. Underlying this is the notion of a tradeoff—an irreconcilable conflict of interests (cf. Fig. 6a).

An alternative is to view welfare-state arrangements not as static redistributive snapshots, but as dynamic systems of credit and insurance—systems involving complex intergenerational exchanges from which, in principle, everyone can benefit: Young people benefit when substantial public resources are mobilized to invest in human capital—especially in health and education. Older individuals benefit when, after leaving the workforce, they can rely on access to healthcare, geriatric services, and pension payments (Becker & Murphy, 1988).

These transfers, however, must be financed by the middle generation. For welfare arrangements to remain beneficial for them, two conditions must be met on an ongoing basis:

- First, the middle generation must have received sufficient investments in its human capital during youth—enabling it to finance current contributions through the higher returns generated by better health and education.
- Second, the middle generation must have good reason to expect attractive old-age benefits once it transitions into the senior cohort.

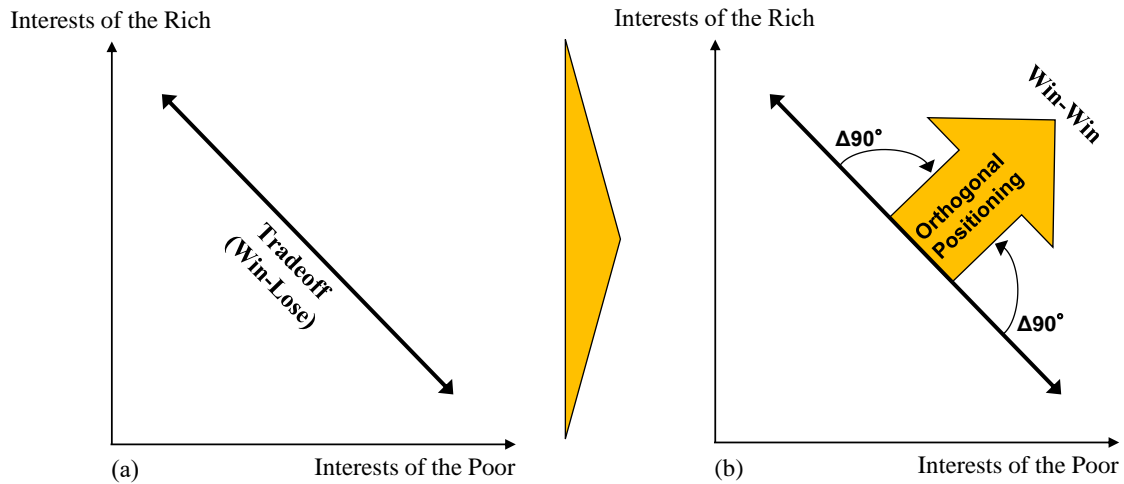


Figure 6: The tradeoff thinking of redistribution semantics (a) and the orthogonal positioning of ordonomic ideational ethics (b) – Source: Own illustration

By these standards, all Western welfare states are structurally out of balance. A key reason is demographic change: Sharply declining birth rates combined with rising life expectancy are accelerating population aging. As a result, a genuine *intergenerational conflict* is emerging. It is becoming increasingly unlikely that the middle generation will benefit from the current system, as fewer and fewer young people are available to finance the elderly. The welfare-state ‘intergenerational contract’ thus begins to resemble a Ponzi scheme: Its funding base is eroding, and without substantial reform, the system risks long-term insolvency and eventual collapse.

Against this background, Ordonomics calls for a shift in perspective—conceptually captured in the transition from Fig. 6a to Fig. 6b. This shift entails an *orthogonal positioning* relative to the tradeoff: a literal 90° change in the direction of thought. In doing so, it corrects the *win-lose* disorientation embedded in the semantics of redistribution by reorienting it toward a *win-win* logic characteristic of intergenerational exchange. In Hegelian terms, this constitutes a *negation of the negation*: It begins with a contradiction (the tradeoff) and then contradicts this contradiction by *sublating* it. Put differently, orthogonal repositioning deconstructs a *false binary* by broadening the perception frame—adding a new dimension to a perspective previously locked into a zero-sum logic.

From an ordonomic standpoint, the *shared interests* of rich and poor can only be realized through sustainable welfare state reform—designed to ensure long-term benefits for all generations. Redistribution semantics, by contrast, distracts from this *moral desideratum* by reducing the perspective to a static view of conflicting interests between rich and poor, thereby systematically obscuring the potential for a harmony of joint interests.

This blind spot arises because *redistribution semantics* conceptually severs the long-term intergenerational exchange that links contributions and benefits over time. It considers only one side of the exchange, rendering it indistinguishable from state-organized

theft or charity. As a result, the true reciprocal relationship is effectively cut in half and stripped of meaning—inviting intellectual disorientation, contributing to discourse failure, and obstructing the systemic reforms urgently needed to ensure fiscal sustainability.

More specifically, redistribution semantics gives rise to *intentionalist fallacies* that pervade social policy discourse. One example: Transfers are not merely a blessing for the (formerly) poor—they can also become poverty traps. High withdrawal rates function like implicit taxes, weakening incentives to escape dependency through individual effort.

As a result, all Western societies host a recurring discourse that morally discredits transfer recipients, portraying them as social parasites—accused of relaxing in the ‘social hammock’ and living at the expense of others. In this framing, the majority who finance the welfare state appear as *victims*, and the minority of recipients as free-riding *perpetrators*.

Transfer recipients are then urged to act *against* the logic of the system—for example, to accept employment even when net income barely increases because additional earnings are offset by benefit reductions. They are expected to shift from egoism to altruism, placing the public interest above their private interests by relieving the welfare budget through personal sacrifice.

Instead of addressing the system’s misaligned incentives through political reform, grievances are redirected toward individual morality. In this reversal, the poor are placed on trial by the rich—a form of *tribunalization* based on blaming and shaming, and a particularly troubling example of the intentionalist fallacy.

(9) *Redistribution semantics*, however, is a double-edged sword. The discourse does not only feature attempts to delegitimize redistribution—it also includes mirror-image efforts to delegitimize any resistance to it. In such cases, discourse typically rests on highly normative premises that allow for the portrayal of wealth as obscene and socially harmful.

To illustrate: During the 2025 German federal election campaign, politician van Aken expressed the hope that his daughter would grow up in a society without billionaires (Culina 2025).

Such claims also find support in academic scholarship. A prominent source is the philosophical debate on *limitarianism*, a term coined by Ingrid Robeyns (2017/2023). She argues that in modern societies, it is morally impermissible to earn income or hold wealth beyond a certain absolute threshold. No one should be *too rich*—that is, possess more resources than are necessary for a flourishing life.

Robeyns offers two main justifications for this normative limitation on wealth.

- First, the democratic principle of political equality is compromised when some individuals, by virtue of excessive wealth, can exert disproportionate influence over government.
- Second, as long as basic needs remain unmet for individuals below an absolute poverty line, redistribution from rich to poor is viewed as a morally compelling remedy.

All of this rests on the explicit claim that large private fortunes do not generate social benefits, whereas confiscatory state expropriation and redistribution of such wealth do. Robeyns identifies three desirable uses for redistributed assets: (a) addressing the urgent

needs of the non-rich, (b) financing climate protection efforts, and (c) safeguarding democratic values.³

Confronted with this limitarian line of argument, Ordonomics reflects on the underlying frame of thought from an ideas-ethical perspective. Its guiding question is: *How does one think when one thinks the way this argument thinks?* A semantic analysis reveals three key insights.

First: The medieval concept of *caritas* receives a modern update. In addition to the moral exhortation that the rich should voluntarily share their surplus (*superfluum*) with the poor, a complementary political demand is introduced: The state should either proactively prevent the accumulation of surplus wealth (e.g., through inheritance limits) or reactively confiscate it (e.g., via punitive taxation) to enforce redistribution.

Second: Limitarianism begins with a life-world intuition—namely, that some wealthy individuals have more than enough—and then seeks *ex post* justifications by appealing to systemic effects in politics and the economy. In this way, *folk-economic beliefs* enter philosophical discourse and, when combined with *folk-ethical intuitions*, are fed back into public debate. Limitarianism thus expresses moral reservations about forms of private property deemed “excessive” (Robeyns 2022/2023, p. 181). From an ordonomic perspective, this reinforces—rather than resolves—the *moral paradox of modernity*.

Third: Robeyns does not portray surplus wealth as inherently evil. Rather, she formulates two conditional objections in favor of limiting wealth. Her core arguments are context-dependent and rest on theoretical and empirical assumptions that remain open to critical scrutiny.

Robeyns’ *first* main argument has two components: Excessive wealth may undermine democracy by violating the principle of political equality—and for this reason, expropriation is proposed as a remedy. From an ordonomic perspective, at least four critical questions arise:

- *How much equality is necessary for democracy to function?* The answer depends on how democracy is defined. If democracy means *rule of the people* (*who* should rule?), absolute equality may appear as the normative ideal. But if, following Karl Popper (1945/1992), democracy is understood as a constitutional framework that allows for the peaceful removal of an unpopular government (*who* should *no longer* rule?), then even significant wealth disparities do not necessarily undermine democratic functioning.
- *Is Robeyns correctly identifying the root problem?* Is the democratic threat really that already wealthy individuals purchase influence? Or is the deeper issue that not-yet-rich actors seek influence in order to *become* wealthy—typically by lobbying for privileges that shield them from competition and harm their rivals? Put differently: Do democracies suffer more from *rent-spending* or from *rent-seeking*?

³ The key citations can be found in Robeyns (2022, 2023; p. 175 and S. 176): “[L]imitarianism’ ... in its most general formulation is the idea that in the world as it is, no one should have more than a certain upper limit of valuable goods, in particular, income and wealth.” And furthermore: “[S]ince limitarianism holds that, in the present and nearby possible worlds, holding large concentrations of wealth has no overall beneficial effects, we should morally prefer limitarianism to a situation in which some have too much. The beneficial effects of this shift could be various, including contributing to meeting the urgent needs of others, addressing collective action problems such as the funding of effective action for climate change, or protecting democratic values.” For an encompassing overview cf. Robeyns (2024).

- *Does the normative argument imply a wealth cap?* Even if one concedes that the super-rich might pose a democratic risk, a wealth cap only follows if less intrusive safeguards—such as anti-corruption rules, donation limits, or lobbying transparency—prove insufficient. Philosophical reasoning alone is not enough; what is needed is rigorous empirical analysis from the social sciences.
- *Do the super-rich actually share common interests?* If not, a follow-up question arises: Might it not be possible—and even desirable—to use competition as a tool of disempowerment, enabling the super-rich to keep one another in check within the arenas of politics and the public sphere? The ‘Aha!’ moment this question aims to provoke can be illustrated metaphorically: When confronted with fire, the intuitive impulse—deeply rooted in everyday thinking—is to smother the flames. Yet there are cases where the wiser course is to embrace the systemic insight that fire can be fought with fire. Perhaps, then, for vibrant democracies, it is not only more realistic but also more beneficial to view great wealth not as a threat but as a political resource—to cultivate it, rather than eliminate it.

Robeyns’ *second* main argument actually comprises four distinct components—this becomes evident when it is reconstructed as a practical syllogism (cf. Fig. 7).

Robeyns’ core claim appears as the normative conclusion (element (3)): “[W]e should morally prefer limitarianism to a situation in which some have too much” (Robeyns 2022/2023, p. 176). She presents this not as a categorical, but as a hypothetical imperative—logically derived from preceding premises. The two positive premises (2a) and (2b) are stated explicitly. The normative premise (1), though not articulated, is logically required for the argument to hold.

(1) Normative Premise:	We want a society that can meet urgent needs of its citizens.
+ (2a) Positive Premise:	Excessive wealth does not increase utility for the super-rich.
+ (2b) Positive Premise:	The redistribution of excessive wealth can increase utility for the absolute poor.
<hr/>	
= (3) Normative Conclusion:	We should limit ‘too much’ wealth.

*Figure 7: Robeyns’ second main argument as a practical syllogism –
Source: Own illustration*

With this reconstruction in place, the ordonomic critique can proceed:

- The normative premise is largely uncontroversial and may be granted—shifting the debate from questions of value to questions of fact.
- The positive premise (2b)—that state-led redistribution reliably benefits the poor—is open to challenge. Bureaucratic inefficiencies may waste resources, and transfers may undermine both individual incentives and intrinsic motivation. Much depends on institutional design.

- The weak point lies in positive premise (2a): the assumption that redistributing excess wealth entails virtually no opportunity cost. While this may seem plausible from a life-world perspective, it overlooks systemic dynamics.

True, an extra euro may yield negligible marginal utility for a billionaire. But—and *this is where the ordonomic critique begins*—precisely because the marginal utility of consumption is so low, the super-rich tend not to spend their wealth, but to save and invest it—often by absorbing substantial economic risk.

By way of example: Successful capital investments make the already wealthy even wealthier—but they also contribute to rising labor productivity, which in turn leads to higher wages and a general increase in workers' living standards. And precisely because the super-rich are comparatively better positioned to absorb large-scale risks, they play a key role in raising the rate of innovation—that is, in advancing technological and organizational progress, from which, in the long run, all members of society stand to benefit.

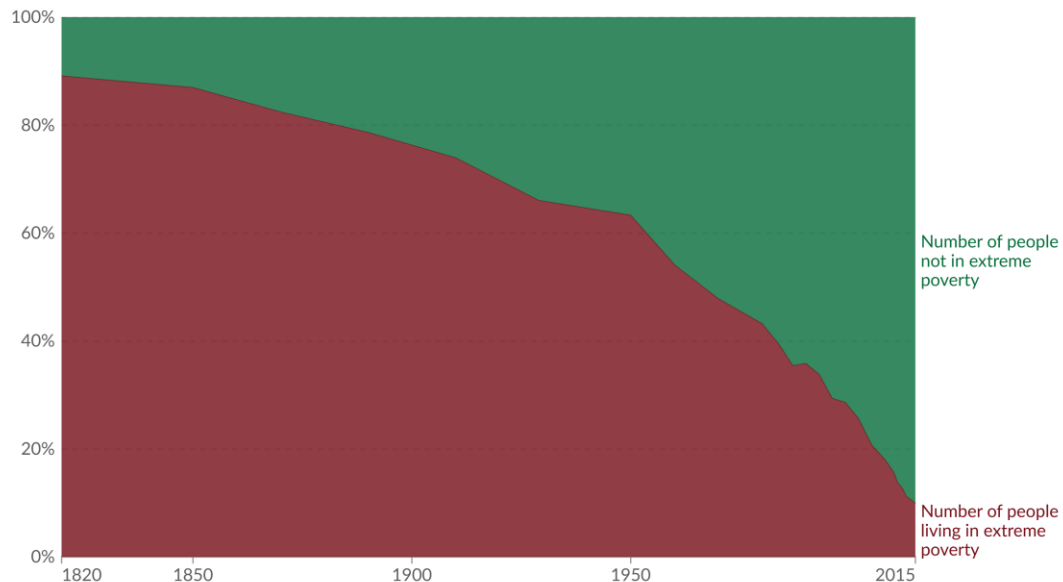
Against this backdrop, one gains the impression that the win-win logic underlying the market economy—and the resulting gains in societal welfare—have been largely overlooked in the limitarian sub-argument (2a): Looking at the available empirical data on the growth performance of post-Malthusian societies—particularly the spectacular progress in reducing absolute poverty (cf. Figures 8 and 9)—one begins to grasp the magnitude of the societal opportunity costs that would result from large-scale state-led redistribution. Substantial resources would no longer be allocated to productive investment (Baumol 2010; Mankiw 2013) but—realistically—would be redirected primarily toward consumption.

World population living in extreme poverty, World, 1820 to 2015



Extreme poverty is defined as living on less than 1.90 international-\$ per day.

International-\$ are adjusted for price differences between countries and for price changes over time (inflation).



Data source: Ravallion (2016) updated with World Bank (2019)

OurWorldinData.org/poverty | CC BY

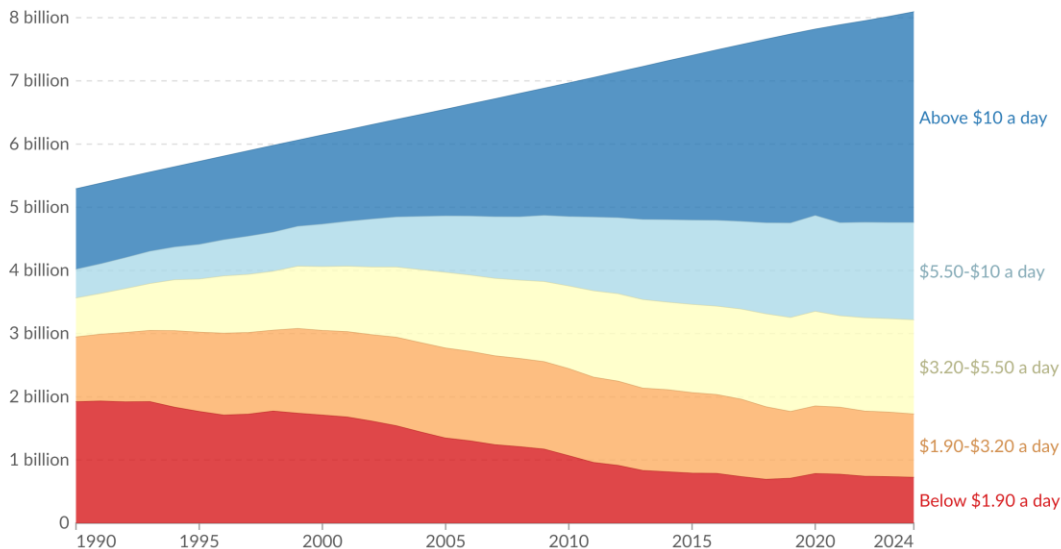
Note: See [this link](#) for the strengths and limitations of this data and how historians arrive at these estimates.

Figure 8: Share of world population living below the absolute poverty line, 1820-2015
 – Source: Our World in Data (2025a)

Distribution of population between different poverty thresholds, World, 1990 to 2024



This data is adjusted for inflation and for differences in living costs between countries.



Data source: World Bank Poverty and Inequality Platform (2024)

OurWorldinData.org/poverty | CC BY

Note: This data is expressed in 2011 international-\$.¹ Following an update, World Bank PIP now uses 2017 international-\$ for its poverty and inequality data [available here](#).

Figure 9: Number of people worldwide below alternative poverty lines, 1990-2024 –
Source: Our World in Data (2025b)

Such insights have led many economists to draw dissenting conclusions. Nobel laureate Robert Lucas (2004, p. 8, italics in original) famously remarked:

„Of the tendencies that are harmful to sound economics, the most seductive, and in my opinion the most poisonous, is to focus on questions of distribution. In this very minute, a child is being born to an American family and another child, equally valued by God, is being born to a family in India. The resources of all kinds that will be at the disposal of this new American will be on the order of 15 times the resources available to his Indian brother. This seems to us a terrible wrong, justifying direct corrective action, and perhaps some actions of this kind can and should be taken. But of the vast increase in the well-being of hundreds of millions of people that has occurred in the 200-year course of the industrial revolution to date, virtually none of it can be attributed to the direct redistribution of resources from rich to poor. The potential for improving the lives of poor people by finding different ways of distributing current production is *nothing* compared to the apparently limitless potential of increasing production.“

In light of this economic reality, Ordonomics advocates for an *orthogonal positioning*: The goal of combating absolute poverty is not in dispute; what is contested are the means best suited to achieve it. Robeyns' limitarianism frames the issue as a conflict of interest—a tradeoff between rich and poor. Within this framework, she sides with the poor and calls for state-led redistribution intended to benefit them significantly—at (almost) no cost to the rich.

Ordonomics, by contrast, argues that the relationship between rich and poor is not a win-lose dynamic but a *win-win* relationship—albeit not in *face-to-face* interaction, but mediated through *systemic* mechanisms and therefore largely invisible to the naked eye. If a wealth cap were to be enforced, there is reason to expect that the economic pie might indeed be divided more equally—but also become substantially smaller. This is because *distribution and allocation are interdependent* through incentive effects. As a result, those intended to benefit could, paradoxically, end up worse off rather than better.

(10) We must indeed take care not to undermine the very processes that have enabled humanity to overcome its Malthusian past. This caution is timely, given the current degrowth discourse—marked by growing skepticism, criticism, and at times open hostility toward economic growth.

Degrowth is an umbrella term for diverse positions, each of which merits separate evaluation (Pies & Schultz 2024). To illustrate the ordonomic approach, we focus on a specific German variant: Niko Paech’s ascetic stance (Paech 2021), characterized by three defining features (Pies 2021).

First, Paech calls for a civilizational U-turn. His vision of a “post-growth economy” entails a radical break from the post-Malthusian growth model. As he puts it (2021, p. 185, translated by IP): “For the first time in history, an economic model is needed that is not based on expansion, but on the reduction and self-limitation of human possibilities.”

Second, Paech embraces an ecological zero-sum logic that intensifies tradeoff thinking. He casts capitalism as ecologically disastrous: “Every increase in material freedoms is inevitably purchased at the cost of resource depletion and ecological damage that appears later, elsewhere, or in another physical dimension” (2021, p. 171, translated by IP).

Third, Paech concedes the political infeasibility of his agenda in a democratic setting, as it would require citizens to vote against their own living standards. He thus rejects institutional ethics in favor of radical individual ethics: “Post-growth modes of living are the unavoidable consequence of limited techno-physical decoupling options” (2021, p. 185, translated by IP).

Paech’s argument can be reconstructed using the Kaya identity, extended by the W/W ratio (see Fig. 10). Let us discuss this formula from right to left.

Degrowth
à la Paech

Green Growth

$$CO_2 \equiv \left(P \cdot \frac{GDP \downarrow}{P} \right) \downarrow \cdot \left(\frac{W \uparrow}{GDP \downarrow} \right) \uparrow \cdot \left(\frac{E}{W \uparrow} \right) \downarrow \cdot \overline{\left(\frac{CO_2}{E} \right)}$$

$$CO_2 \equiv \left(P \cdot \frac{GDP \uparrow}{P} \right) \uparrow \cdot \overline{\left(\frac{W}{GDP} \right)} \cdot \left(\frac{E \downarrow}{W} \right) \downarrow \cdot \left(\frac{CO_2 \downarrow}{E} \right) \downarrow$$

P = Population	GDP / P = Per-Capita Income
GDP = Gross Domestic Product	W / GDP = Welfare Intensity of Economic Production
E = Energy Use	E / W = Energy Intensity of Welfare Production
W = Welfare	CO ₂ / E = Carbon Intensity of Energy Use

Figure 10: Paech’s ascetic degrowth approach versus Green Growth –
Source: Own illustration

- Paech is a *techno-pessimist*: He considers large-scale decarbonization of energy to be unfeasible and assumes that the fourth term will remain constant.
- He is a *welfare-optimist*: He believes that the energy intensity of welfare production can—and should—be significantly reduced, aiming for a marked decline in the third term.

- His optimism extends to a radical decoupling of GDP (understood as a proxy for resource use) from welfare. He envisions this through sufficiency strategies and a reversal of the division of labor toward local self-sufficiency—thus seeking a sharp increase in the second term.
- As a result, Paech argues that income per capita—and with it, resource use—must be deliberately reduced. For him, *degrowth* means contracting economic output by design, with the explicit goal of significantly lowering the first term.

By contrast, the ordonomic interpretation of Green Growth takes a distinct stance. Let us discuss this formula from left to right.

- Green Growth aims to increase income per capita—raising the first term and thus preserving the post-Malthusian logic of economic growth.
- The second term is assumed to remain largely constant: It is unlikely that the welfare intensity of economic production can be substantially increased. The competitive logic of the market economy speaks against this possibility: Numerous firms are under constant pressure to innovate in ways that reduce costs and increase consumer utility. The hope that reversing economic specialization might better satisfy people's 'true' needs—and make them happier despite being materially poorer—is, from an ordonomic standpoint, pure wishful thinking. Quite literally, it amounts to a *utopia*.
- Green Growth seeks to reduce the third term—energy intensity—through gains in efficiency and technological innovation.
- It also aims to lower the fourth term—carbon intensity—by replacing fossil fuels with climate-neutral energy sources.

Ordonomic reservations about Paech's post-growth economy can be illustrated through the lens of an ecological *outperforming argument* (cf. Fig. 11).

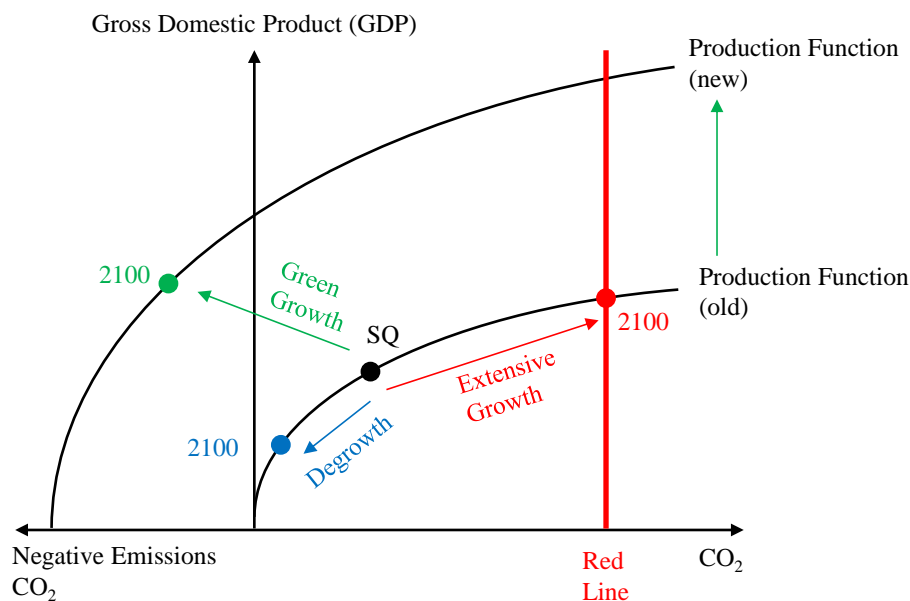


Figure 11: Degrowth versus Green Growth –
Source: Own illustration after Pies (2021, Fig. 2, p. 227)

Posing the standard ordonomic question—“*How does one think when one thinks the way this argument thinks?*”—yields the following reconstruction of Paech’s position:

Starting from the status quo (SQ), he sees contemporary growth societies on a trajectory toward ecological red lines that will inevitably be crossed. In response, he proposes a radical U-turn: *degrowth*. In climate policy terms, this means striving to reduce CO₂ emissions primarily through consumption restraint.

From an ordonomic perspective, however, the system-conforming alternative within a post-Malthusian growth society is not to retreat *along* the existing production function (i.e., to reverse *extensive* growth), but to *shift* that function entirely—through massive innovation in the spirit of *intensive* growth. Only by radically innovating—not by embracing asceticism—can humanity enter the realm of net-negative emissions.

The implication is striking: Precisely because Paech positions himself as a radical ecological critic of growth, it is all the more revealing that he underestimates the scale of the climate challenge. His ‘post-growth economy’ may be ecologically motivated—but it falls short where it matters most. Instead of rising to the urgency of climate policy, it retreats into ascetic self-limitation.

Substantively, this ordonomic critique centers on an ecological *outperforming argument*, grounded in innovation economics. It exposes the ecological insufficiency of his sufficiency thinking: *Anyone truly committed to effective climate policy should reject degrowth*—not despite, but because of the magnitude of the ecological crisis.

Ordonomically retranslated into the language of morality, the argumentative punchline is well captured by Friedrich Nietzsche (1878, *Human, All Too Human*, Part II, aphorism 76, translated by IP): “The ascetic makes a necessity out of virtue.”

(11) A final example highlights the extreme form of the *intentionalist fallacy*: Germany’s migration debate since 2015. Intellectual camps have become deeply entrenched. Why? What discourse dynamics are at play?

Ethical reflection must attend not only to morality’s bright side but also to its darker aspects—what Niklas Luhmann (1990/2008, p. 260, translated by IP) referred to as the “polemogenic” nature of moral communication (ibid.): “Empirically, moral communication lies close to dispute and hence near violence. It leads, through expressions of respect and disrespect, to an over-engagement of participants.”

This kind of over-engagement can be described, from an ordonomic perspective, as a two-stage escalation of *intentionalist fallacies*:

- Stage one: People are exhorted to ‘do the right thing.’ A virtue discourse takes hold. The focus shifts away from institutional design and turns toward moral intention—toward cultivating good will and individual motivation.
- Stage two: The discourse flips categorically. Virtue is no longer encouraged; vice is denounced. From within one’s own group, an opposing side is identified, stripped of any presumed good will, and accused of malicious intent. Whole groups are morally discredited and stigmatized.

The result is a transformation of *moral communication*: Respect gives way to contempt. What emerges is a dynamic of emotionalization, polarization, tribalization—and ultimately tribunization.

The interpersonal orientation of discourse erodes: People disengage from dialogue, speaking no longer *with* one another but *about* one another. The argumentative quality of

public reasoning deteriorates, as discourse shifts from deliberation to display, from persuasion to performance, from truth-seeking to tribal signaling. What were once cross-cutting conversations degenerate into intra-group broadcasts.

This inward-facing communication generates a *status competition*, in which those who strike the most virtuous pose win. The literature refers to this phenomenon—marking a degeneration of moral discourse—as *grandstanding* (Tosi & Warmke 2020).

The morally charged debates surrounding migration policy are particularly revealing because—often without realizing it—*both* ends of the political spectrum engage in a *symmetrical* escalation. They mutually reinforce a process of *moralizing political discourse* and even shifting it from a *virtue-oriented* to a *vice-oriented* mode of argumentation.

Within this dynamic, one can observe a pattern that Ordonomics describes as “monstrosity imagination” (Pies 2025b): an extreme form of the *intentionalist fallacy*. Instead of assuming good intentions on the part of the other side, it attributes the worst—pure malevolence. The opposing group is no longer seen as merely mistaken, but as morally corrupt or fundamentally malign.

- On one side of the political spectrum, *the Right denies the Left any moral motivation*. It refuses to acknowledge that the other side may be genuinely driven by humanitarian concerns—such as saving lives and preventing the Mediterranean from turning into a watery grave. Instead, it accuses the Left of orchestrating deliberate overforeignization aimed at undermining the German nation. The core accusation: “*Betrayal of the people!*”
- On the other side, *the Left likewise denies the Right any moral motivation*. It rejects the notion that the opposing side may be responding to legitimate concerns—such as welfare migration, imported antisemitism, or the fragmentation of social cohesion. Instead, it attributes the Right’s position to sheer misanthropy. The core accusation: “*Betrayal of humanity!*”

In reality, the positions are not nearly as far apart as the ongoing exchange of moral accusations might suggest. One side appeals to *national* solidarity, the other to *international* solidarity. Both perspectives—despite rhetorical overreach—contain a *legitimate moral core*. Each articulates valid normative concerns. And both are, in principle, open to constructive agreement—provided their clash is framed not as a battle of values, but as a negotiable conflict of interests.

Take the political slogans that have shaped the debate for years: On the Right, ‘*Close the borders. Foreigners out.*’ On the Left, ‘*Open the borders. Nazis out.*’ These opposing maxims fuel *emotional escalation*, *affective polarization* and even *monstrosity imagination*. From a discourse dynamics perspective, a *pattern of mutual delegitimization* becomes visible: The Left discredits the national perspective; the Right dismisses the international one.

This dynamic blinds both camps to a shared opportunity: A pragmatic transition from the current status quo of uncontrolled asylum migration to a prudently regulated immigration regime could address the central fears of *both* sides—loss of control on the one hand, a closed society on the other.

Such a reform would not only be substantively reasonable; it could also help restore *public trust*—trust in the political system’s capacity to deliver rational, fair, and forward-looking solutions.

In the long run, international order can only be sustained if both perspectives—national *and* international solidarity—are granted due recognition. In this regard, an ordonomic reference to shared rule interests can sharpen the view for institutional arrangements that foster democratic problem-solving. By contrast, tradeoff thinking—fixated on value conflicts and prone to mutual denunciation—remains *categorically blind* to common ground.

More importantly, this example vividly illustrates a deeper paradox: The moral imperative to ‘*take a stand*’ and ‘*show backbone*’ against the presumed vices of the other side often obstructs precisely those agreements on which democratic processes structurally depend—and at times renders them impossible.

Here, moralism reveals its counterproductive character: It acts like sand in the gears of parliamentary democracy—not merely extremely dysfunctional, but potentially extremistically so.

This is precisely why we need a form of ethics—such as *ordonomic ideational ethics*—that is designed to *illuminate the dark sides of morality* and to strengthen society’s capacity for critical (self-)enlightenment.

Conclusion and Outlook

Walter Eucken’s *Order Economics* is grounded in a categorical distinction between the *moves* and the *rules* of the economic game. Its guiding policy principle: “Market and state are interdependent orders—as complements.”

Karl Homann’s *Order Ethics* builds on this insight by shifting the *systematic locus of morality* from the moves to the rules of the game. Its central motto: “It’s the institutions that matter.”

Ordonomics extends this intellectual lineage by moving the analytical focus one level higher: from well-meaning *motives* in the base game, to the *institutional structure of action* in the meta game, and further to the *semantic structure of thought* in the meta-meta game. Its core insight can be summarized as: “It’s the ideas that matter.”

The distinctive contribution of Ordonomics lies in the normative cultivation of institutional imagination—that is, in inspiring and disciplining the development of ideas for functional games and their rules.

Ordonomics aims to help modern ethics unfold its potential as an *ethics of modernity*. This requires a *categorical* development of ethical theory: a recognition that, depending on the nature of the problem, *institutions*—and even *ideas*—can serve as the systematic locus of morality, far beyond the individual level of virtue and character formation.

Put differently: Traditional individual ethics assumes that the moral impulse, guided by good will, flows directly into action. In contrast, institutional ethics and idea ethics channel the moral impulse more indirectly—but all the more effectively—by shaping the incentive structure of action (rules of the game) and the semantic structure of thought (frames of perception).

With this shift in analytical perspective, Ordonomics completes the process initiated by Walter Eucken and Karl Homann: the reorientation of ethical reflection from questions of individual life conduct to questions of societal order—that is, to the societal *preconditions* enabling individuals to lead a good life. This categorical expansion is of far-reaching significance for any ethics adequate to modernity.

Such a shift is necessary because the world-historical transition from a Malthusian to a post-Malthusian societal formation has radically transformed the context conditions for realizing moral desiderata. In its wake, modern functional systems of science, public discourse, politics, and the economy have emerged—each of them structured by competition. These systems are capable of extraordinary performance, yet remain structurally vulnerable to crisis.

Their societal value rests on subjecting individual behavior (within organizations) to an institutional logic of necessity:

- Scientists (and research institutes) are steered toward truth-seeking,
- Journalists (and media corporations) toward balanced reporting,
- Politicians (and parties) toward responsiveness to voter preferences,
- Entrepreneurs (and firms) toward efficiency and innovation.

In this way, humanity's moral aspirations can be realized more effectively than ever before. And yet, these systems remain permanently fragile. The replication crisis in science, the media's negativity bias, ideological gridlock in politics, and externalities in the economy all point to the same structural problem: systemic incentive misalignments.

Crisis is not the exception—it *is the default mode of modern society*: Precisely because of their dynamic logic, functional systems are repeatedly thrown off balance. The very mechanisms that generate their strength also render them vulnerable.

Correcting recurring mis-incentives requires overcoming both *institutional* and *ideational* obstacles—so that functional systems can be reprogrammed to serve moral purposes more effectively. That is why Ordonomics, through its three-level schema, focuses on the interplay between social structure and semantics—between the institutional framework and the order of thought. In doing so, it addresses the *moral paradox of modernity* as a *mismatch* rooted in category errors of thinking—errors that can, in principle, be resolved through processes of (self-)enlightenment.

Ordonomics therefore sets a crucial priority: *(Self-)steering presupposes (self-)enlightenment*.

Especially in democratic systems, functional institutions cannot emerge—nor be durably sustained through ongoing self-correction—without sound and well-grounded ideas. Ordonomics thus pursues *enlightenment for the sake of steering*, anchoring reflection on ideas in functional criteria that discipline normative reasoning.

To scientifically address the moral paradox of modernity, Ordonomics—drawing on Kant, Hegel, and Nietzsche—examines not only the bright sides of morality, but also its shadows. It enables ethics to take critical distance from its own object—not only to justify morality, but also, when needed, to critique and correct it.

The core insight: Certain moral (mis)judgments sabotage the successful realization of moral desiderata by throwing sand into the gears of functional systems—targeting individual behavior with exhortations instead of reforming the rules and ideas that structure that behavior.

Rather than disabling modern functional systems, Ordonomics seeks to activate them for moral purposes—by realigning their internal logics of necessity. To vary Homann's "slipstream" metaphor: *Institutionalized competition should no longer blow against moral aspirations, but propel them forward from behind*.

Accordingly, Ordonomics is not a singular theory, but a *research program*—dedicated to *consilience*, the systematic integration of insights across disciplines. Its aim is to equip modern society with a “grammar of argumentation” (Pies 1993, p. VIII)—a normative integration platform capable of identifying, analyzing, and improving the *interplay between institutions and ideas*.

This argumentation grammar is not an end in itself. Its practical relevance lies in fostering societal (self-)enlightenment and (self-)steering—so that functional systems can contribute more effectively to the realization of moral desiderata.

- The ordonomic research program is grounded in a “diagnosis of modernity” (Pies 2018) and guided by a normative commitment: to cultivate—rather than abandon—the growth logic of the post-Malthusian societal formation.
- Drawing on the analytical toolkit of economics and the broader social sciences (Pies 2016), Ordonomics generates eye-opening insights into the systemic consequences of alternative institutional arrangements—true to the philosophical maxim that *wonder is the beginning of reflection*.
- As an ethical approach, Ordonomics resists the manipulative allure of the perpetrator–victim schema by categorically refusing to take sides. It does not align with one party. Nor does it settle for compromises ‘in the middle’. Instead, it seeks *orthogonal positionings*—perspectives that *transcend* win–lose perceptions and *reframe* moral conflicts as indicators of unrealized win–win potentials, often hidden beneath layers of moral misunderstanding.

This explains how, within the ordonomic research program on democratic discourse failure, economics and ethics work in close concert: The positive analysis of social dilemmas and their incentive effects lays the groundwork for *realizing* shared rule interests—by uncovering untapped potentials for mutual betterment that can serve as genuine sources of moral progress. Realizing these win-win potentials requires *both*: the analytical clarity to recognize them—and the practical wisdom to translate them into institutional innovation.

The ten brief case studies illustrate the specifically ordonomic interplay of positive and normative analysis. They demonstrate how the social-structural analysis of social dilemmas—with its focus on the *unintended* consequences of intentional actions—generates insights that can be used argumentatively to correct semantic patterns of moral (mis)perceptions. Table 1 provides an overview.

The corresponding ‘Aha!’ effects can be summarized as follows:

- (1) Markets are institutionally structured arrangements of social dilemmas, where competition functions as a mechanism for enabling societal cooperation.
- (2) Trust is a foundational prerequisite for productive economic relationships.
- (3) Morality pays off—as a production factor in cooperative value creation.
- (4) Firms that practice governance do not need to balance profit-seeking with other goals; instead, they can pursue optimization within institutional frameworks that reconcile efficiency with legitimacy.
- (5) Executives bear multiple responsibilities: beyond economic optimization, they hold ordo responsibility—for institutional design (steering) and for improving semantic frameworks of perception (enlightenment).

	Economic Ethics	Corporate Ethics	Ethics of Modernity
Social Dilemma (Situational Logic of Incentive Structures)	(1) Market as an arrangement of multi-sided prisoners' dilemmas	(2) One-sided prisoners' dilemma (3) Morality as a production factor	(7) Moral paradoxon of modernity
Orthogonal Positioning (Semantics)	(8) Social policy as complex exchange (10) Degrowth versus green growth	(4) Optimization versus governance	(11) Against the moralization of political discourse
Three-Level Schema		(5) Ordo responsibility for managers	(6) Ordonomic ethics of ideas
Syllogism	(9) Criticism of limitarianism		

*Table 1: Overview of the ten ordonomic case studies –
Source: Own illustration*

- (6) Ordonomics expands the ethical discourse from individual ethics through institutional ethics to an ethics of ideas, thereby enabling the reform of mental models as a lever for institutional change.
- (7) The moral paradox of modernity is rooted in moral confusion: a mismatch between systemic logic and life-world intuition—affecting all functional systems, yet not as a paradox of modernity, but as a paradox of morality itself, which undermines its own normative ambitions.
- (8) Redistribution semantics obscures the insight that social policy can orchestrate reciprocal exchanges with mutual gains.
- (9) Limitarianism is economically ill-informed and underestimates the productive function of inequality for dynamic innovation.
- (10) Degrowth is ecologically inferior to green growth, which aligns environmental protection with economic incentives.

The moralization of political discourse reveals morality's dark side: tribal polarization fuels dichomania—obstructing mutual understanding and blocking the search for common ground.

Outlook: More than thirty years on, ordonomic *outperforming arguments* continue to face recurring comprehension barriers that impede the implementation of institutional reform proposals. This recurring pattern is evident across diverse policy areas: the call for a rational drug policy in democratic societies (Hartwig & Pies 1995), the recommendation to design credit and insurance schemes in social policy in ways that align with market incentives (Homann & Pies 1996/2015), the proposal to finally legalize functional market arrangements for kidney transplants (Reese & Pies 2023), the plea to recognize, rather than reject, the legitimacy of commercial sharing platforms (Hielscher et al. 2022, 2025), and the advocacy for economic *education* in schools that truly deserves the name (Pies 2020, 2025a).

A closer look reveals a striking regularity: Even when carefully framed as orthogonal positionings, ordonomic arguments are frequently misread—as if they were taking sides within the very tradeoffs they aim to transcend. This systematic misframing is rooted in

familiar dynamics of moral discourse: emotionalization, polarization, tribalization, and ultimately *tribunalization*.

At the heart of this escalation lies the perpetrator–victim narrative, which feeds into a deeper dualism: the friend–foe schema—rich versus poor, labor versus capital, environment versus economy. Within this binary lens, dichotomous thinking intensifies into *dichotomania*: Every unfamiliar idea is reflexively treated as belonging to the enemy camp—devalued and dismissed without due reflection.

The result: Ordonomic contributions to public discourse are sometimes fundamentally misinterpreted. Critics claim that Ordonomics sides with the rich against the poor, with capital against labor, or with the economy against the environment. These accusations are so profoundly misguided that not even the reverse would be correct. One cannot simply counter them by asserting that Ordonomics sides with the poor, with labor, or with the environment.

What is needed instead is a clarification of what *orthogonal positioning* means: It signifies a 90-degree shift in perspective—a categorical transcendence of the dichotomous (or even dichotomonic) frame of thinking in which binary logic appears inevitable and moral partisanship seems compulsory.

Against this backdrop, Ordonomics often finds itself *caught between the chairs* when controversies become normatively charged. Consistent with its philosophy of science—drawing on Max Weber, Karl Popper, and Imre Lakatos—Ordonomics adheres to a strict, indeed *strictissime*, abstention from contentious value judgments and partisan alignment.

Accordingly, it adopts an *observer's perspective* that preserves analytical and argumentative *equidistance*: not positioning itself *within* a conflict, but *toward* it—seeking to uncover and illuminate its underlying logic and structure. For scholars—especially those early in their careers—this may involve the uncomfortable risk of becoming unpopular, and at times, it may demand the professional courage to endure such unpopularity in the name of scientific integrity.

This finding about the obstacles to reception highlights a central insight: Ordonomic arguments can only be effective within specific contexts—through audience-oriented communication. They must be tailored to their respective publics. Designed to provoke moments of insight—so-called ‘*Aha!*’ effects—they aim to trigger processes of *enlightenment* and, ultimately, *self-enlightenment*.

Such eye-opening impulses often arise from a deeper understanding of fundamental patterns of perception, reasoning, and interaction. The epistemic sources of ordonomic enlightenment include:

- the dialectic of freedom and coercion (multi-sided prisoners’ dilemmas),
- the dialectic of power and powerlessness (one-sided prisoners’ dilemmas),
- the strategic use of moral commitment as a productive factor for cooperative value creation (ordonomic Corporate Ethics),
- the entrepreneurial pursuit of profit as a systemic imperative of competition (ordonomic Economic Ethics),
- the strategic use of competition as an instrument of societal cooperation (ordonomic argument for societal (self-)governance),
- the capacity of markets to enable solidarity among strangers (ordonomic argument for societal (self-)enlightenment),

- the prioritization of enlightenment over steering—in the sense of *enlightenment for steering* (ordonomic ethics of ideas),
- the shift from value consensus to rule consensus, grounded in shared rule interests (ordonomic diagnosis of modernity),
- and finally: the dark side of morality—its tendency to emotionalize and polarize discourse, fostering tribalization, tribunalization, and even monstrosity imagination. These dynamics obstruct deliberative democracy and derail the very processes of compromise and consensus-building on which it depends.

To put this in a nutshell: *Whoever seeks to promote the morality of order must first attend to the ordering of morality.* This is the ordonomic quintessence of addressing the moral paradox of modernity.

Against this backdrop, it becomes clear that Ordonomics can universalize only its *method*—as a *grammar of argumentation for orthogonal positionings*—but not its concrete applications. Their validity is always context-dependent, shaped by what resonates with a given audience in a specific situation.

In business terms: The persuasive power of ordonomic *outperforming arguments* hinges on *customer orientation*. If the audience—or its worldview—changes, the impulses for ordonomic enlightenment must adapt accordingly.

This makes the ordonomic research program a fundamentally open-ended endeavor. But perhaps that is precisely the appropriate methodological stance for a research program on societal order in modernity: *The sustainable future of modern society remains inherently open*—to crises, and to the ongoing task of developing new strategies of *crisis management* through innovative *ideas* and *institutions* that improve the *order* of societal co-operation.

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Appendix I: The Ordonomic Interpretation and Adaptation of Thomas Hobbes

A brief personal statement as a preliminary remark: *I am an economist by training, and a philosopher by heart.* I had the great privilege of working together with Karl Homann, who held dual professional qualifications in both disciplines. In the early 1990s, he convened an exclusive private seminar for the members of his Chair in Economic and Corporate Ethics, the first of its kind in Germany. Under his guidance, we read David Hume's *Enquiry Concerning the Principles of Morals*; Immanuel Kant's *Groundwork of the Metaphysics of Morals* and his *Metaphysics of Morals*; G. W. F. Hegel's *Philosophy of Right*; Niklas Luhmann's *Paradigm Lost* and his *Ecological Communication*; and John Rawls' *Theory of Justice*.

During this time, as a self-taught scholar, I traced how Rawls, in his writings on Political Liberalism, reconfigured his entire theoretical edifice and shifted his focus from moral philosophy to political philosophy. This co-evolution of his *theorizing strategy* and his *theory architecture* made a profound impression on me and is reflected in the title of my dissertation, which explicitly references—and pays homage to—John Rawls. The English translation of this title reads: Normative Institutional Economics: On the Rationalization of Political Liberalism (Pies 1993). See also Pies (1995a) and (1995b).

My intellectual engagement with Niklas Luhmann also found expression in early publications (see Homann and Pies 1994a and 1994b).

Moreover, my engagement with Thomas Hobbes has left enduring marks on my thinking. Another article coauthored with my doctoral supervisor, in which we advance a liberal interpretation of Hobbes, bears witness to this influence (see Homann and Pies 1993). Hobbes has remained for me an abiding methodological inspiration over the years.

What follows is a problem-oriented introduction to three theoretical building blocks that are characteristic of the ordonomic approach: (a) a diagnosis of tradeoff thinking, (b) an orthogonal positioning to tradeoff thinking, based on (c) a social dilemma analysis. My hope is that the methodical procedure will become more accessible once I show how this ordonomic approach makes strategic use of conceptual elements that—according to my own, admittedly unconventional reading—can already be found in Thomas Hobbes. Accordingly, this appendix is not an exercise in the history of ideas; rather, it seeks to illustrate as vividly as possible the precise problem constellations in which already Hobbes employed the three ordonomic elements as solution concepts. Put differently: Ordonomics stands on the shoulders of giants, and Thomas Hobbes is certainly one of them.

1. Hobbes's Bad Reputation and the Two Faces of Humanity

Thomas Hobbes is among the most maligned authors in the history of philosophy. Like economics today, he is accused of working with a one-sided—and radically misguided—conception of the human being. Especially notorious is his dictum that *homo homini lupus*—*man is a wolf to man*. The phrase occurs in the dedicatory epistle to *De Cive*. What is often overlooked, however, is that in the very same sentence—to repeat: not only in the same book, or chapter, or paragraph, but literally in the very same sentence (!)—Hobbes

also states that *homo homini deus*—*man is a god to man*. The original reads (1642/1651 [1841]: ii; emphasis in original):

“To speak impartially, both sayings are very true: that *man to man is a kind of God*; and that *man to man is an arrant wolf*. The first is true, if we compare citizens amongst themselves; and the second, if we compare cities. In the one, there is some analogy of similitude with the Deity; to wit, justice and charity, the twin sisters of peace. But in the other, good men must defend themselves by taking to them for a sanctuary the two daughters of war, deceit and violence: that is, in plain terms, a mere brutal rapacity. Which although men object to one another as a reproach, by an inbred custom which they have of beholding their own actions in the persons of other men, wherein, as in a mirror, all things on the left side appear to be on the right, and all things on the right side to be as plainly on the left; yet the natural right of preservation, which we all receive from the uncontroll[le]dictates of necessity, will not admit it to be a vice, though it confess it to be an unhappiness.”

The apparent contradiction disappears once we recognize that Hobbes is a theorist of situations and their incentive properties. In the situation of a well-ordered commonwealth, *homo homini deus* obtains: human beings tend toward peace, meeting one another with justice and love. In a condition of anarchy, by contrast, *homo homini lupus* applies: human beings tend toward war, confronting one another with cunning and violence.

Consequently, it is misguided to attribute to Hobbes either a “negative” anthropology or a “pessimistic” psychology. His statements—much like the economists’ *homo oeconomicus*⁴—are not ontological claims about an immutable human essence but situational claims about alternative incentive structures.

Hobbes should therefore be read strictly in light of the *problem* that motivates him: How can a situation of (civil) war be transformed into a situation of peace? Transposed into the mid-seventeenth-century English context and expressed in the Christian idiom of the time (not least under censorship), Hobbes’s research question is: How can citizens be enabled to meet not as wolves but—secularly speaking—as human beings?

2. A Theory of Situation-Transformation: Overcoming an Ends-Means Confusion

To answer this question, Hobbes develops a theory of situations— or, more precisely, a theory of how situations can be transformed. This theory is best understood in relation to the problem of how a *moral confusion between ends and means* can be overcome. Figure AI-1 provides an overview. It depicts the *dilemma* faced by two parties engaged in a (civil) war, who must individually decide whether to lay down their arms. This constitutes a *social dilemma* because the equilibrium in this game (Quadrant III) is Pareto-inferior: both players could improve their situation if they mutually agreed to cease hostilities. Quadrant I, with its comparatively higher payoffs, represents a peace dividend that is forfeited in the continuation of (civil) war.

In this context, two distinct concepts of pacifism can be identified:

- The first concept understands pacifism as a *goal*—that is, striving for peace by reaching Quadrant I (a win-win outcome).

⁴ Cf. Becker (1976), Stigler & Becker (1977), Zintl (1989), Pies (1993; pp. 86-197) and (2006/2015) as well as Homann (1994/2002). See also McKenzie (2010) and Pies & Hielscher (2014). For the Rational Choice model and its interdisciplinary relevance across the social sciences, see Bowles (2004) and in particular Gintis (2009), (2017a) and (2017b).

- The second concept views pacifism as a *means*—namely, as an unconditional ceasefire. If Party A adopts the second concept, it will fail to reach Quadrant I and instead end up in Quadrant IV (a win-lose scenario).

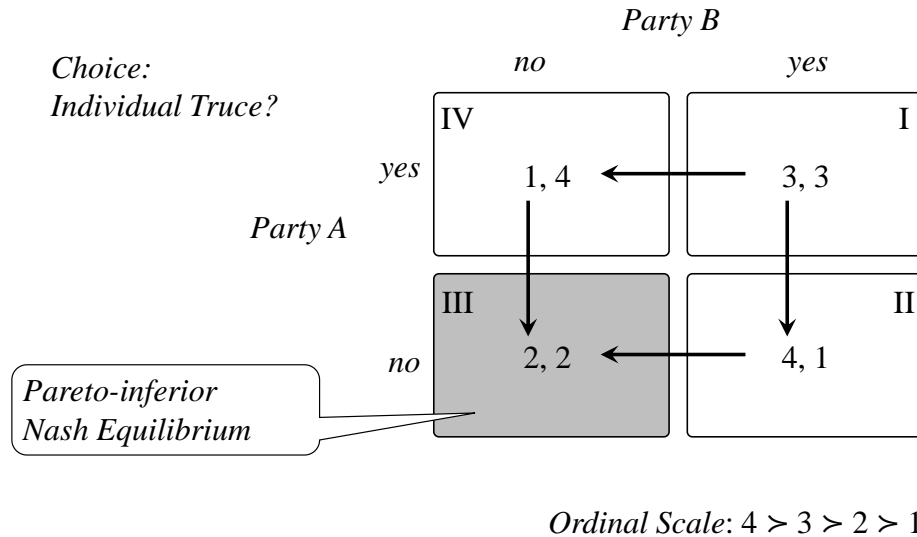


Figure AI-1: The (Civil) War Dilemma – Source: Own illustration

For Party B, this would be the best-case outcome; for Party A, it would be the worst case. What we have here is a confusion of ends and means: the means are normatively over-valued to the point that they are mistaken for ends in themselves. This confusion is particularly problematic in the present case because the pacifist means are unsuitable for achieving the pacifist goal. This is a classic example of dysfunctional *tradeoff thinking*—a kind of cognitive trap. The way out is through *orthogonal positioning*—graphically represented as a 90-degree shift in perspective (see Figure AI-2). The motto is: *thinking outside the box*.

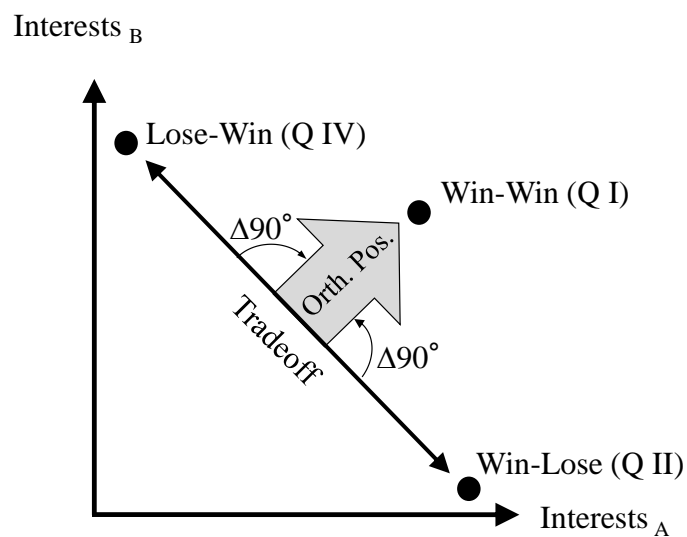


Figure AI-2: Orthogonal Positioning Resolves the Ends-Means Confusion
– Source: Own illustration

It is precisely this problematic situation that Hobbes seeks to address with his theory. His central question is: How can a (civil) war be ended through a peace agreement? Hobbes conceptualizes civil war as a social dilemma—a war of all against all that leaves everyone worse off. In a state of war, life is “solitary, poor, nasty, brutish, and short” (Hobbes 1651 [1839]; p. 113)—and thus equally unbearable for everyone involved.

3. Hobbes Understanding of Natural Law

Hobbes argues that it is possible to escape the state of war by adhering to natural law. Natural law, he explains, consists of rules of reason from which rights and duties can be derived. Regarding the two highest laws of nature, Hobbes writes in his “Leviathan” (1651 [1839]; p. 117 f., emphasis in original):

„[I]t is a precept, or general rule of reason, *that every man, ought to endeavour peace, as far as he has hope of obtaining it; and when he cannot obtain it, that he may seek, and use, all helps, and advantages of war.* The first branch of which rule, containeth the first, and fundamental law of nature; which is, *to seek peace, and follow it.* The second, the sum of the right of nature; which is: *by all means we can, to defend ourselves.*

From this fundamental law of nature, by which men are commanded to endeavour peace, is derived this second law; *that a man be willing, when others are so too, as far-forth, as for peace, and defence of himself he shall think it necessary, to lay down this right to all things; and be contented with so much liberty against other men, as he would allow other men against himself.* For as long as every man holdeth this right, of doing anything he liketh; so long are all men in the condition of war. But if other men will not lay down their right, as well as he; then there is no reason for anyone to divest himself of his: for that were to expose himself to prey, (which no man is bound to) rather than to dispose himself to peace.“⁵

Hobbes breaks down the first law of nature into two parts. The first part defines the pursuit of peace as a rational duty—thereby assigning normative priority to Quadrant I. The second part establishes a right of necessity: in a state of war, one may use any means necessary for self-preservation—thus rejecting Quadrant IV on normative grounds.

Building on this analysis, Hobbes then derives the second law of nature. It formulates a *conditional* duty to seek peace, stipulating that this duty only applies if everyone else is likewise willing to pursue peace. Only under this condition can *all parties* agree on a system of equal liberties capable of overcoming the state of war.

4. The Crucial Distinction between Forum Internum and Forum Externum

Hobbes’s specific contribution becomes still clearer in the following passage of “Leviathan” (1651 [1839]; p. 145, emphasis in original):

„The laws of nature oblige *in foro interno*; that is to say, they bind to a desire they should take place: but *in foro externo*; that is, to the putting them in act, not always. For he that should be modest, and tractable, and perform all he promises, in such time, and place, where no man else should do so, should but make himself a prey to others, and procure his own certain ruin, contrary to the ground of all laws of nature, which tend to nature’s preservation. And again, he that having sufficient security, that others shall observe the same laws towards him, observes them not himself, seeketh not peace, but war; and consequently the destruction of his nature by violence.“

Hobbes argues here that all laws of nature serve the ultimate goal of establishing peace—and that peace, in turn, is a means to the preservation of one’s own life. With regard to

⁵ Hobbes (1651, 1996; Kapitel 14, Abschnitte 4 und 5, S. 87, H.i.O.).

the validity of natural law, Hobbes makes a curious—and above all: a thought-provoking!—distinction. In his view, these laws apply *without exception* in *foro interno* (that is, within one's inner forum, the realm of thought and desire), but they do *not* apply unconditionally in *foro externo* (in the external realm of action). What does this mean?

5. Embedding the Analysis in the Ordonomic Three-Level Schema

To develop an interpretive proposal, I treat the prisoners' dilemma depicted in Figure 2 as the base game and, following the ordonomic three-level schema, assign two additional arenas to this primary setting: the arena of collective peace negotiations (Level 2) and the arena of public opinion formation (Level 3). Figure AI-3 provides an overview. The left side depicts the problem, the right side the solution. The problem lies in a learning process blocked by discourse failure; the solution consists in an orthogonal positioning that overcomes the pacifist confusion of ends and means—thereby clearing the conceptual path for organizing a functional peace agreement that serves the general interest.

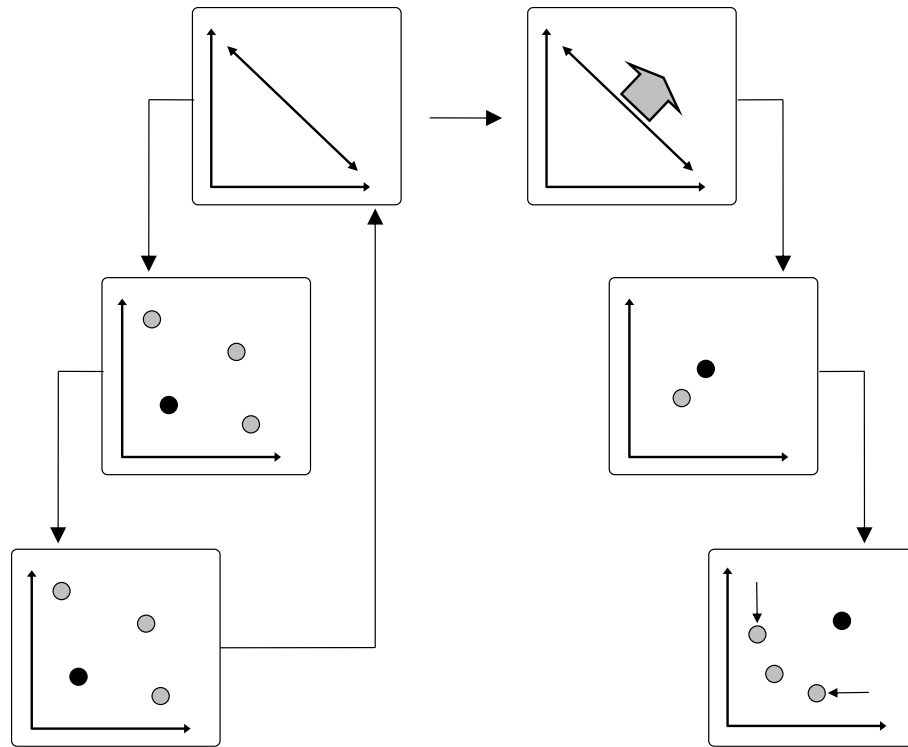


Figure AI-3: The Ordonomic Three-Level Schema – Source: Own illustration

The bottom left of Figure AI-3 depicts the dilemma-structured base game. The Nash equilibrium (represented by the black dot) is Pareto-inferior: the peace dividend cannot be realized. The middle left shows the corresponding meta game. Political peace negotiations fail because the meta game replicates the dilemma structure of the base game. Ultimately, this failure is rooted in the meta-meta game on Level 3, which is dominated by tradeoff thinking. The parties perceive each other as enemies, causing their shared interest in peace to fade from view.

The transformation of this *mental model* of pure conflict is the key to success—graphically represented on the right-hand side of Figure AI-3. Only the orthogonal positioning

with respect to this conflict-focused, one-dimensional frame of perception in the discursive meta-meta game opens up the option of converting the political meta game from a dilemma into a pure coordination game through a *conditional* peace strategy. This, in turn, enables a negotiated peace agreement that transforms the base game such that Quadrant I emerges as a new equilibrium—with the peace dividend finally realized.

By way of explanation: If both parties enter the negotiations with a conditional cooperation strategy—“I will disarm only if you disarm as well”—they effectively eliminate Quadrants II and IV from the game matrix of the prisoners’ dilemma depicted in Figure 2. That is why Figure AI-3 (middle right) shows only the remaining payoff pairs (2,2) and (3,3). As a result, there is no longer a conflict of interest—only interest alignment. The negotiation has thus shifted from a dilemma game to a pure *coordination game* with a new equilibrium (represented by the black dot).

This meta-game transformation has direct implications for the base game (bottom right of Figure AI-3): if the negotiation yields an appropriate structure of sanctions, then—symbolized by the two arrows—Quadrants II and IV in the base game lose their strategic appeal. The consequence is that the payoff pair (3,3) becomes the new Nash equilibrium (black dot), meaning that the original dilemma is overcome through a reform of both thinking and acting. The institutionalization of the peace agreement within the meta game enables the orientation toward peace to be transferred from the *forum internum* (the realm of thought) to the *forum externum* (the realm of action)—thus avoiding a dysfunctional confusion between ends and means and allowing the intended peace to be effectively realized.

6. Conditional Normativity and Institutional Reform

Based on this analysis, Hobbes can be interpreted as introducing a distinction of great significance for the reflection on—and implementation of—morality: he conceptually decouples thinking from acting while institutionally linking the two. In Hobbes’s view, the laws of nature always apply to the realm of thought (*in foro interno*; “desire”; the longing for peace), but not unconditionally to the realm of action (*in foro externo*; “putting in act”; peaceful conduct). By introducing this conditionality, Hobbes conceptually dissolves the pacifist confusion between ends and means.

Let me explain this: If society finds itself in an anarchic state—that is, in the social dilemma of (civil) war (see the base game in Figure AI-3, bottom left)—then, for the sake of individual self-preservation, it cannot be considered a moral duty to maintain peace unless others are also willing to do so. Otherwise, the individual would be made a victim. In such a case, the end would be sacrificed to the means, which would be irrational.

However, if society has already overcome the social dilemma (see the base game in Figure AI-3, bottom right), then according to Hobbes it is not only a duty, but also a matter of prudence—especially in view of one’s own interest in self-preservation—to obey the law, backed by sanctions, and to refrain from breaking the peace that has already been achieved. In this case, the means serve the end.

Regardless of what may apply—depending on the conditions—at the level of action in the base game, Hobbes can be interpreted as issuing an *unconditional duty* at the level of the meta-meta game (see the top layer in Figure AI-3): the duty always to seek peace.

This corresponds to the imperative to express one's desire for peace in public discourse and to remain open to win-win options.

The individual's "peace-ability"—that is, the desire for peace, the willingness to make peace, the inclination to exit the state of war—is always rooted in the fundamental interest in self-preservation, entirely independent of whether war is still ongoing or peace has already been achieved.

With his highly differentiated natural-law argument, Hobbes highlights a *hiatus between thinking and acting*—a gap that can only be overcome by creating an institutional arrangement of general security (and thus: well-founded expectations of safety; see the meta game in Figure AI-3, middle right). Only then can the path from thinking to action, from the *forum internum* to the *forum externum*, from the meta-meta game to the base game, from the will for peace to the ability to make peace, be successfully navigated.

In this sense, Hobbes works with a concept of normativity that understands normative "ought" as *conditional willing*—and that, as theory, aims to actively contribute to establishing those conditions in societal practice.

In contrast, abandoning the institutional mediation between thought and action—i.e., succumbing to the pacifist confusion of ends and means—would not solve the problem but rather intensify it. It would amount to moving directly from a will for peace (in thought) to a duty to make peace (in action), thereby promoting a means that undermines the very goal it seeks to achieve as long as the conflict has not yet been reliably resolved.

This is why the core insight of Hobbes's argument is that it would be immoral to lay down arms unless institutional safeguards are in place to ensure that the other party is also committed to the ceasefire.

7. Ordonomics and Hobbes: Methodological Affinities

Despite some significant differences—most notably the ordonomic emphasis on democratic consensus and its rejection of natural-law justifications—ordonomics is methodologically closely aligned with Hobbes's approach, at least as interpreted here.

- First, like few ethicists before or after him, Hobbes underscores the specifically moral relevance of self-interest.
- Second, he emphasizes the distinctive structural feature of competition: that self-interested actors are subjected to the pressure (and even coercion) of proactively countering threats to their own survival posed by rivals.
- Third, Hobbes deserves credit for a pioneering conceptual achievement: formulating a compelling *outperformance argument* to overcome a confusion between ends and means that was not only central to his own time but remains highly relevant today.
- And fourth, with his distinction between *forum internum* and *forum externum*, Hobbes develops a model—still largely overlooked yet highly potent—for understanding societal learning processes aimed at realizing normative idea(l)s through institutional reform.

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Appendix II: The Ordonomic Interpretation and Adaptation of Immanuel Kant *

In the following, I present a reading of the complete works of Immanuel Kant, structured around four focal points. First, I outline Kant's fundamental problem. Second, I discuss my interpretation of his moral philosophy. Third, I reconstruct his political philosophy. Fourth, I highlight his distinctive approach to the transcendental-philosophical method.

My account draws primarily on two secondary sources: John Rawls's excellent analysis of Kant's moral philosophy (2000) and Hannah Arendt's—now rarely read—analysis of Kant's political philosophy (1982/1998). Above all, however, it is based on my own reading of Kant's original writings as published in the Academy Edition. All quotations from Kant have been translated into English from the German originals with the assistance of artificial intelligence.⁶

1. Kant's Fundamental Problem and the Three Critiques

To borrow the title of one of Kant's own essays, his main purpose is to “orient oneself in thinking” (Kant 1786)—and, more profoundly, to orient thinking itself. He is concerned with achieving a coherent worldview. He seeks to engage in the “conflict of the faculties” (Kant 1798) in order ultimately to resolve it. Using a modern term, one might say that what drives him is *consilience*. Kant's fundamental question is: How do things fit together? Or, more precisely: How must we think about things so that they do fit together? His thinking is a mode of sorting and ordering—of rearranging, classifying, and organizing the elements to be ordered in such a way that they cohere, like the pieces of a puzzle, into a unified whole. Instead of speaking of Enlightenment, one might just as well speak of tidying up or systematic classification to characterize the basic thrust of Kant's thought. In any case, I read Kant as being primarily concerned with clearing up and eliminating intellectual disorder.

The backdrop to this fundamental problem is the stunning success of the modern sciences, particularly physics. These successes unsettled the traditional worldview grounded in ecclesiastical authority. The newly emerging questions literally concern God and the world—and above all the place of human beings in the universe, understood here as both the physical and the social world, as the natural *and* the social order.

- On the one hand, God is being pushed out of scientific explanations. He no longer functions as an explanans. This raises questions that Kant assigns to *theoretical reason*.

* This appendix is an abridged version of the discussion paper “How Does Kant Think?”, which is available in both German and English. See Pies (2025b) and (2025c). – All quotations from Immanuel Kant were translated from the German originals (Academy Edition) into English with the aid of artificial intelligence; any inaccuracies remain the responsibility of Ingo Pies.

⁶ Some more background information seems in order: For my approach to Kant's aesthetics, I wish to acknowledge my great debt of gratitude to Renate Homann (1977), (1986), (1999). I first encountered the interpretation that Kant's aesthetics serves as a hinge to the philosophy of history in Odo Marquard (1962a) and (1962b). My views and attitudes toward the problem of normativity have been profoundly shaped by my academic teacher Karl Homann (2004), and—through his influence—also by the liberal Hegel interpretation of Odo Marquard (1964/1973) and Joachim Ritter (2003).

- On the other hand, a social dynamic emerges that must be steered—through ideas suitable for such guidance. The steering media are law and morality. These are the kinds of questions that Kant assigns to *practical reason*.
- This separation between theoretical and practical reason in turn renders a third question pressing, namely how to mediate between the two and how to think the idea of reason as one. Kant assigns this question to the *power of judgment*.

(1) In his *Critique of Pure Reason*, Kant develops the project of transcendental philosophy—a form of reflection on the very framework within which thinking takes place. Its guiding question is strikingly self-referential: *How is thinking conducted when it is conducted in the way it is here?* Could there be alternative ways of thinking? And if so, what would be their respective advantages and disadvantages? Kant's enterprise is thus a form of thinking that always already factors in the consequences of its own mode of thought—economically speaking, that performs an opportunity-cost analysis of thinking itself.

With this heuristic guide to self-reflection, transcendental philosophy investigates the *conditions of the possibility of knowledge*. Kant thereby addresses the problem that reason, in its drive toward knowledge of nature, is—so to speak—too powerful: it tends to transgress its own boundaries. The aim of Kant's critique is to confine pure theoretical reason within its proper limits. In effect, this amounts to secularizing the traditionally religious understanding of the world and to acknowledging that there can be no scientific knowledge beyond the bounds of possible experience. Kant himself put it succinctly: “I had to abolish knowledge in order to make room for faith” (1781/1787; AA III, p. 19, emphasis in the original). What, then, is at stake here?

Kant conceptualizes the natural sciences as the rational cognition of the physical world. He envisions it as follows (Kant 1781/1787; AA III, p. 10):

“Reason must approach nature holding in one hand its principles, according to which alone concordant appearances can count as laws, and in the other hand the experiment it has devised in accordance with these principles—though it must do so in order to be taught by nature, not in the capacity of a pupil who allows himself to be told whatever the teacher wants, but rather as an appointed judge who compels witnesses to answer the questions he puts to them.”

Following this metaphor, science consists in summoning nature before the court of reason and, as it were, putting it under cross-examination. This method proves to be extraordinarily powerful, yielding insights into data and into the causal relations among data. The phenomena of the physical world turn out to be determined by natural laws. In this way, humanity learns to read in the book of nature.

If this method is now applied to human beings and to the forms of their social coexistence, the immediate impression arises that they too are determined by natural laws. Consequently, it appears as though theoretical reason progressively constricts the domain of practical reason: the better the natural order can be explained, the less (residual) space seems to remain for the order of freedom. For if human beings, as natural creatures, are subject to natural laws and causality, they would seemingly no longer be free to act according to their own will—or, more precisely, their own arbitrary will—so that the very phenomenon of moral conduct would lose its footing.

This is the problem context that makes it understandable why, and with what strategic thrust, Kant undertakes to set limits to theoretical knowledge of nature: *The critique of pure theoretical reason clears space for the unfolding of pure practical reason*.

From an ordonomic perspective, what Kant is doing here can be described as a “re-compartmentalization,” that is, a categorical re-ordering of thought. Kant takes concepts

such as *God* and *freedom* and reassigns them by removing them from the domain of theoretical reason (that is, active cognition of nature) and placing them instead within the domain of practical reason (that is, active setting of ends).⁷

(2) In this “re-compartmentalization,” it is important to note a crucial asymmetry. Kant’s first Critique is called the *Critique of Pure Reason* because it aims to set limits to the overly strong and transgressive pure theoretical reason. Kant’s second Critique is called the *Critique of Practical Reason* because it is meant to help the overly weak pure practical reason, as it were, get back on its feet. At the same time, Kant also seeks to confine within its limits the “non-pure” practical reason—one that is not fixated on pure self-thinking (*a priori*) but instead takes up empirical motives. What, then, is at stake here?

Kant holds that human beings are subject not only to the laws of nature but also to the moral law. This fact, in his view, raises the question of how human beings can nonetheless be conceived as free, since for him it is clear that morality necessarily presupposes freedom. Put differently: for Kant, animals—being creatures of mere instinct—are not capable of morality. Human beings, by contrast, are morally capable because they are not determined by instinct but are endowed with reason. This gives rise to the following problem: how can the (external or internal) compulsion to comply with the moral law be reconciled, without logical contradiction, with the freedom of a rational being?

Kant’s solution to this problem consists in conceptualizing, from the standpoint of transcendental philosophy, the idea of a morality of reason. He assigns to pure practical reason the task of formulating the highest principle of morality, thereby making available the insight that it is human beings themselves whose reason thinks this principle. In following the moral law, they thus become conscious that this law does not restrict their freedom but, on the contrary, expresses it—precisely because, as rational beings, they ultimately give this moral law to themselves. Kant argues as follows: As a moral being, the reasonable human being is not other-determined but *self-determined*. He acts *autonomously*, not heteronomously. He is not a servant but the *author* of the moral law, whose binding force need not be imposed from without because he can assent to it inwardly. Kant closely connects this with the *dignity* of the human being.

With this elaboration of a pure practical reason that—*a priori*, out of itself and by sheer thinking—presents the moral law as constitutive and expansive of individual freedom, and with his prior delimitation of pure theoretical reason, which he reminds cannot, for lack of an empirical basis, cognize God (and other metaphysical ideas such as freedom), Kant can now turn to the third question: how the order of nature and the order of freedom can fit together. He develops the answer in his *Critique of the Power of Judgment*.

(3) Kant defines the power of judgment as the capacity to recognize the particular in the universal and, conversely, to abstract the universal from the particular. He then assigns to the power of judgment the task of mediating between the theoretical and practical parts of philosophy. The issue at stake is how one should conceive of the relation between

⁷ Delving a bit deeper, Kant’s concept of “synthetic *a priori* judgments” can be seen as an *orthogonal positioning* to the longstanding debate between empiricists and rationalists. Kant does not simply reject the two conflicting positions. Instead, he reconstructs them and grants them their due: Both positions contain exaggerations that require correction, yet both also contain a core of truth. From Kant’s perspective, the two are not only compatible but interdependent. He frames their relationship as a productive interplay between form and content—between rational categories of knowledge and empirical objects of experience—ultimately envisioning a kind of win-win constellation.

theoretical reason, which aims at knowledge of nature, and practical reason, which is concerned with end-setting action. More concretely: *How can human beings realize moral ends in the physical world? How can they bring the order of freedom to bear within the order of nature?*

Kant develops his answer in a consistently transcendental-philosophical fashion. He examines whether the power of judgment has its own *a priori* principle that enables it to bridge the gap between the laws of nature and the laws of freedom.

Once again, Kant's effort to bring order to thought can be described as a "re-compartmentalization," namely as a schematic expansion from two to now three categories. The new drawer system then looks as follows (cf. Kant 1790; AA V, p. 198):

- The *a priori* principle of theoretical reason is to cognize *lawful regularities* in the realm of natural phenomena.
- The *a priori* principle of practical reason is to conceive, in the realm of freedom, an *ultimate final end* that possesses both lawfulness and thus binding force.
- The *a priori* principle of the power of judgment is to present the idea of *purposiveness*.

For Kant, purposiveness thus functions as a kind of bridge by which one can pass from the realm of freedom to the realm of necessity. He conceives of it as a mediating "middle term" (Kant 1790; AA V, p. 168), situated between the (theoretical) legislation for the faculty of cognition and the (practical) legislation for the faculty of desire.

At another point, Kant (1790; AA V, p. 294, emphasis in the original) describes—reversing both the order and the direction of emphasis—how he envisions the rational interplay of theory, judgment, and practice in thought. He names three

"Maxims of common human understanding....: 1. Think for oneself; 2. Think in the place of everyone else; 3. Always think consistently with oneself. The first is the maxim of a *prejudice-free* way of thinking, the second of an *enlarged* way of thinking, the third of a *consistent* way of thinking."

He then makes the following assignment (1790; AA V, p. 294):

"One may say that the first of these maxims is that of understanding, the second of judgment, the third of reason."

The first maxim, according to Kant, concerns active autonomy: reason must think for itself rather than rely on other authorities and simply adopt their prejudices. The greatest prejudice, in his view, is superstition. Kant then formulates it succinctly (1790; AA V, p. 294, emphasis in the original): "Liberation from superstition is called Enlightenment."

The second maxim, according to Kant, concerns a purposive use of the faculty of cognition through *cognitive empathy*. Kant (1790; AA V, p. 295, emphasis in the original) speaks of an "enlarged way of thinking" when a person "sets himself above the subjective private conditions of judgment—among which many others are, as it were, bracketed—and reflects on his own judgment from a *universal standpoint* (which he can determine only by putting himself in the standpoint of others)."

The third maxim, in Kant's view (1790; AA V, p. 295), "is the hardest to attain and can only be achieved through the combination of the first two, and after their frequent observance has become a habit." It is thus demanding in its preconditions and requires sustained practice. One reaches it, as it were, only as the end point of a ladder. Here the power of judgment appears as the middle rung of that ladder, by which one ascends—through repeated exercise—from (theoretical) understanding to (practical) reason.

(4) In the overall consideration of the three Critiques (see Fig. AII-1), a pattern of theoretical architecture becomes apparent, knowledge of which significantly facilitates the interpretation of controversial questions of detail.

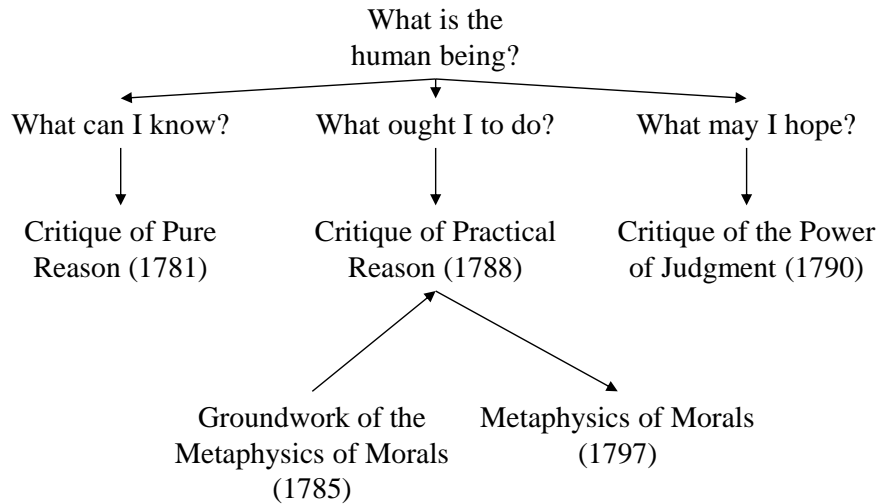


Figure AII-1: Overview of Kant's Three Critiques – Source: Author's illustration

Kant divides his fundamental question, “What is the human being?”, into three subquestions (1781/1787; AA III, p. 522):

- “1. What can I know?
2. What ought I to do?
3. What may I hope?”

He addresses the first subquestion in his *Critique of Pure Reason*, first published in 1781. This concerns *knowledge*. He treats the second subquestion in his *Critique of Practical Reason*, first published in 1788. This concerns obligation (duty) and volition (will). He addresses the third subquestion in his *Critique of the Power of Judgment*, first published in 1790. This concerns *ability*—that is, the possibility of realizing freedom in the world.⁸

The first Critique examines the cognition of the law of nature, the second the cognition of the moral law, and the third mediates between the two by determining the idea of purposiveness as the a priori principle of the power of judgment.

All three Critiques deal with *legislation by reason* in the sense of rational *self-legislation*: understanding gives lawfulness to nature; practical reason gives to individual choice, through the idea of duty and the good will, a moral law and thereby moral necessity; and the power of judgment postulates, as a regulative idea, a principle of purposiveness that mediates between nature and freedom.

⁸ Kant's question “What may I hope?” pertains not only to the *afterlife* but, above all, to *this* life—life *before* death. In this context, his aesthetics and teleology offer a hope-inspiring perspective: namely, that nature might, in broad terms, be hospitable to humanity's moral aspirations. Nature presents itself as a kind of resonant medium—a space in which the impulses of practical reason can find amplification and sustenance, rather than being condemned to fade into perpetual silence. Kant (1790; AA V, p. 443) links this idea to the radical conclusion that “man can be an ultimate end of creation only as a moral being.” In this sense, one can say that the *Critique of the Power of Judgment* not only serves to mediate between the *Critique of Pure Reason* and the *Critique of Practical Reason*, but also functions as a confirmation of both. All three critiques form a coherent and mutually reinforcing whole.

Ultimately, Kant's project of the three Critiques aims to situate the human being as a rational and free subject both in the physical world (as a subject of cognition) and in the moral world (as a subject of action). The first Critique restricts pure reason in its theoretical use to the realm of experience in order to make room for morality. The second Critique encourages and enables practical reason to cross the boundary to the supersensible and to think the idea of moral freedom radically as moral self-legislation—that is, as self-obligation. The third Critique closes the circle by demonstrating the compatibility of nature and morality and by justifying the hope that the world is so constituted as to make the progressive realization of human ends possible. In this way, the initial tension—law of nature versus law of freedom—is resolved in a higher synthesis: *Nature is conceived as being compatible with the ends set by reason.*

Kant's philosophy is thus a *philosophy of freedom* that systematically orders the realms of *being* and of *obligation* by means of a heuristic of purposiveness and constructively relates them to one another. Kant's critical philosophy presents a coherent worldview in which the human being can act and affirm himself as a rational agent—a line of thought that, when consistently pursued, ultimately leads to the mutual recognition of human dignity.

2. Kant's Moral Philosophy – A Warning against Misunderstandings

(1) Kant assigns to pure practical reason the task of determining the supreme moral principle of the moral law. He develops his moral philosophy in three major works (see again Fig. AII-1):

- Groundwork for the Metaphysics of Morals (published 1785)
- Critique of Practical Reason (published 1788)
- Metaphysics of Morals (published 1797)

The Groundwork (1785) specifies the *form* of the supreme moral principle. Here Kant introduces the categorical imperative in three formulations:

- Formula of Universal Law (AA IV, p. 421): “Act only according to that maxim through which you can at the same time will that it become a universal law.”
- Formula of Humanity as an End in Itself (AA IV, p. 429): “Act so that you use humanity, whether in your own person or in the person of any other, always at the same time as an end, never merely as a means.”
- Formula of Autonomy (AA IV, p. 430): Here Kant specifies the principle of the will by which every rational being is capable of moral legislation. This principle states “to act on no other maxim than such as can also have as its object itself as a universal law, and consequently to regard the will as itself giving universal law through its maxims.”

All three formulations have—quite rightly, in my view—become world-famous, and yet it is easy to fundamentally misunderstand them. Contrary to what a superficial reading might suggest, Kant is not here concerned with acting but with thinking. *The categorical imperative is not a guide to action but a guide to thinking.* It provides a criterion not for action itself but for the *maxim* of action—that is, for *thinking* as the starting point of action-guiding willing. Kant ascribed only *weak* motivational force for action to this kind of thinking. For him it was always clear that everyday human action requires far more

than this maxim alone—namely, *strong* motivational forces as well as *judgment* trained by experience (see explicitly Kant 1785; AA IV, p. 390).

In the second Critique (1788), Kant sets out to demonstrate that the categorical imperative is both possible and necessary. His concern here is with the *existence* of the supreme moral principle. In this work, Kant examines, from the standpoint of transcendental philosophy, the structure, scope, and limits of practical reason. Methodologically speaking, it thus constitutes the analogous counterpart to the first Critique (1781). Kant's Critique of Pure Reason and his Critique of Practical Reason can therefore be seen as operating on the same level.

Finally, in the Metaphysics of Morals (1797), Kant turns to the application of the theory. Here he specifies the concrete *substantive* articulations of the supreme moral principle. He develops a systematized doctrine of duties that encompasses both the doctrine of right and the doctrine of virtue.

For a solid understanding of Immanuel Kant's moral philosophy, it is essential to be clear about which question he addresses with which work—and which he does *not*.

- In the first work (1785), the task is to present a criterion—or, more precisely, a process of rational testing—by which any person can ascertain for herself what is morally right.
- In the second work (1788), the task is to demonstrate that pure practical reason can in fact fulfill the task that Kant assigns to it.
- In the third work (1797), the task is to map the moral world by providing a systematization—one might even say a “compartmentalization”—of duties of right and duties of virtue.

Interestingly, in *none* of these three works is Kant concerned with persuading his fellow human beings to behave in a more moral manner. Rather, he takes this conviction for granted—as the “fact of reason” (1788; AA V, p. 31). Human beings, Kant argues, already know that they are obliged to distinguish between good and evil. They do not need to be taught this by philosophy. For Kant, the task of philosophy lies elsewhere: it consists in grounding *human dignity*—by arguing that, for the human being as *legislator* of the moral law and thus as an *autonomous* rational agent, morality is to be conceived not as coercion but as *self-obligation*, and hence as *freedom*.

The central achievement of Kant's moral philosophy lies in reconceptualizing morality, which appears to the individual as a normative “*ought*,” as arising from the individual's own rational *willing*—such that *each and every* person, as a rational being, possesses dignity precisely because she is not subordinated to heteronomous ends but to an autonomous, self-legislated end. Kant's key point is that his moral philosophy elevates the human being from being the *object* of moral obligation to being its *subject*. The human being is not the servant of morality but its author. Put plainly, Kant ties human *dignity* to the intellectual deciphering of moral *obligation* as self-determined *willing*. What presents itself as heteronomous morality (“Thou shalt”) is traced back by him to autonomy (“I will”). Freedom and constraint are thus reconciled in the idea of rational self-legislation, which conceives moral *obligation* as self-determined *self-obligation*.

This argument—the close substantive link between moral obligation, that is, duty, and freedom, autonomy, and dignity—is the pivotal point of Kant's moral philosophy. I will now attempt to offer some textual evidence in support of this interpretation.

Already in the *Groundwork for the Metaphysics of Morals*, Kant raises the question of why a free rational being should subject itself to the moral law. His answer is: “for this ‘ought’ is actually a ‘will’” (1785; AA IV, p. 449). In the *Critique of Practical Reason* (1788; AA V, p. 33), he formulates this idea by saying that “the autonomy of pure practical reason, that is, freedom, finds its expression in the moral law.” He continues there: “The autonomy of the will is the sole principle of all moral laws and of the duties in accordance with them.” Kant maintains this thought also in the *Metaphysics of Morals*—but here he illuminates it from the opposite side as well. The argument runs as follows: Every action requires an end. Normally, one end can again serve another end, which leads thinking into an infinite regress of ends. The *categorical imperative* offers the way out by determining the highest end as duty. Accordingly, Kant (1797; AA VI, p. 385) emphasizes that “the moral doctrine of ends, which treats of duties, is based on principles given a priori in pure practical reason.”

Viewed from this perspective, the categorical imperative—needed by human beings precisely because they are not pure rational beings—reveals how Kant (1785; AA IV, p. 421) brings willing and obligation into close connection, particularly in the Formula of Universal Law:

“The categorical imperative is therefore only a single one and indeed this: act only in accordance with that maxim through which you can at the same time will that it become a universal law.”

Kant here makes it explicit: What one *ought* must be something that one can *will*. And this point—something that cannot be stressed and repeated often enough—concerns *not* action but *thought*.

Within this line of argument, it is important for Kant to be able to point out that pure practical reason—which identifies the categorical imperative as the supreme principle of morality—acts upon the human faculty of choice as a good will and can thereby motivate moral action, even though Kant readily concedes that this motivational effect will ordinarily be extremely weak and in need of supplementation. Here Kant is truly concerned with the principle. His entire argument in favor of human dignity stands or falls with the claim that pure practical reason alone (albeit only weakly) can motivate action—even in the absence of any further empirical motivations, such as instincts or inclinations.

To put it as clearly as possible: Kant here addresses an extremely complex and highly nuanced question. Even his contemporaries found it enormously difficult to understand this question and to contextualize Kant’s specific attempts to answer it. The result—even in his own time—was profound misunderstanding.

(2) One particular misunderstanding will now be examined in greater detail. It became famous because the historian, literary theorist, and poet Friedrich Schiller gave it brilliant expression. In the *Xenien*, which he published together with Goethe in 1796, Schiller wrote under the heading “Gewissensskrupel” (scruples of conscience) (1796/1962, p. 299):

“Gladly do I serve my friends, but unfortunately I do it with inclination,
And thus it often troubles me that I am not virtuous.”

Here Kant is interpreted, with a critical undertone, as if he held the rigoristic view that moral action is diminished in its morality whenever, in addition to the categorical imperative of pure practical reason, empirical motives also come into play. But nothing could be further from the truth. In reality, Kant assumes that in the vast majority of cases, additional motives will indeed operate to render the good will effective in action. And Kant explicitly welcomes this fact, for their role is not to determine the direction of the good

will but to strengthen the agent's motivation and thereby support the good will in bringing about action.

Fortunately, this point can be read explicitly in Kant. In an important footnote in his 1793 work *Religion within the Boundaries of Mere Reason*—published three years before Schiller's *Xenien* and thus apparently as a reaction to the misunderstandings of other contemporaries (such as Christian Garve)—Kant offers the following clarification (1793a; AA VI, p. 23):

“That human beings should, from the incentive of duty, do what is in itself good with pleasure and love is not only possible but also necessary, namely for the perfection of virtue. Yet this pleasure and love is not the incentive of the action, but duty itself; and the pleasure and love is only the accompaniment of virtue.”

Kant's reasoning is very clear here: His concern is not to exclude instincts or inclinations from the sphere of moral action but solely to secure for pure practical reason the *status* of being the sole *motivating spring* or driving mechanism—and thus the *decisive ground*—of moral action through the self-obligation that it conceives. This status is in no way undermined if additional motives complement it—serving merely as an accompaniment but not as the supreme principle of moral action.

This point can already be found, upon close reading, in Kant's *Groundwork for the Metaphysics of Morals*. There, he states with apodictic brevity (Kant 1783; IV, p. 399): “To secure one's own happiness is a duty.” Equally illuminating—and of systematic importance—is how, in the preface, Kant articulates his claim to originality, as well as the role he assigns to the categorical imperative in everyday life. This, in turn, grounds the significance he attributes to the *pure* moral philosophy he invented—one that shows *pure* practical reason how it must conceive of the *categorical* imperative. On this, we read (Kant 1783; IV, p. 389 f., emphasis in original):

“[A]ll moral philosophy entirely rests on its pure part; and, when applied to human beings, it borrows not the least from knowledge of them (anthropology), but, as rational beings, gives them laws *a priori* which, to be sure, still require judgment sharpened by experience—partly in order to distinguish in which cases they are applicable, partly in order to gain access to the human will and provide motivation for execution, since the human being, affected as he is by so many inclinations, is indeed capable of the idea of a pure practical reason but not so easily able to make it effective in his conduct of life *in concreto*. A metaphysics of morals is therefore indispensably necessary—not merely from a motive of speculation, in order to investigate the source of the practical principles lying *a priori* in our reason, but also because morals themselves remain subject to all kinds of corruption so long as that guide and supreme norm of their correct judgment is lacking. For in what is to be morally good, it is not enough that it be in accordance with the moral law; it must also be done *for the sake of* that law. Otherwise such conformity is only very contingent and precarious, because an immoral ground will sometimes indeed produce lawful actions, but far more often unlawful ones. Now the moral law in its purity and genuineness (which is precisely what matters most in practice) is to be sought nowhere else than in a pure philosophy; thus this (metaphysics) must precede, and without it there can be no moral philosophy at all. Indeed, any so-called moral philosophy that mixes those pure principles with empirical ones does not even deserve the name of philosophy (for philosophy distinguishes itself from ordinary rational cognition precisely by presenting in a separate science what the latter comprehends only in a mixed way)—and even less the name of a moral philosophy, because through such mixing it undermines the very purity of morals and thereby acts contrary to its own end.”

Kant is concerned with a “clue,” a *guiding thread*—one that is meant to facilitate the task of acting morally. The categorical imperative is thus intended to serve as a principle of order by which *every* self-thinking person can orient herself *in* her thinking, and *through* her thinking, in a way relevant to action. This orientation, however, does not consist in suppressing or eradicating one's instincts and inclinations. Its sole purpose is rather to provide a criterion or process of testing that directs self-thinking toward self-correction in action.

This idea of a *guiding thread* can also be illustrated with another metaphor: Kant seeks to provide agents with a *moral compass* as an aid to orientation—a compass that, through the cognitive achievement of his “pure” moral philosophy, is set “correctly,” and indeed reliably correctly, that is, “in accordance with law.” This *calibration* refers solely to thinking, not to acting. And it is crucial to note that action itself requires far more than just this compass.

The misunderstanding to be corrected here is best identified as a categorical misunderstanding—a confusion of levels: a conflation of moral action with the *maxim* of moral action, as if one did not have to clearly distinguish between doing and thinking. Because of this confusion, Kant’s statements about the supreme moral maxim are (mis)interpreted as statements about action and the permissible motivation for action. This results in a confusion of form and content.

This categorical confusion can be resolved as follows: Kant’s concern is that the categorical imperative should guarantee human dignity. For this reason, he conceptualizes this imperative as *self*-legislation and thus as an achievement of reason of which one can be proud. This achievement of reason must have the form of law—and such a form cannot consist in being tied to empirical contingencies. For this reason, instincts, inclinations, and empirical ends such as subjective self-interest are, in Kant’s view, inherently unsuitable for taking on the required form of law. They are therefore unfit to serve as the supreme maxim. And it is precisely for this reason that Kant sees himself compelled to explore—indeed, to invent—the category of a *pure* practical reason. Only this faculty can accomplish what Kant intends with his moral philosophy: to provide *all* human beings with a guiding thread that enables them, through self-thinking, self-assurance, and self-correction of moral action, to think of and experience themselves not as servants of heteronomous constraint but as autonomous subjects of morality, to develop a corresponding sense of self-worth, and ultimately to mutually recognize this self-esteem. Such mutual recognition, for Kant, constitutes *human dignity*. And here the following holds: Human dignity is universal only to the extent that moral thinking is universal—which is precisely why it is constructed as pure practical reason.

To put it metaphorically once again: Kant constructs a hook on which he can hang the cloak of human dignity. This hook is *pure* practical reason. Its suitability as a reliable hook consists in the fact that, with the categorical imperative, it presents a mode of moral thinking of which *every* human being is capable—and which, consequently, *all* human beings must grant to one another. Behind Kant’s universality stands a mutuality to which rational thinking *compels itself*.

One can clearly see the distinctive construction principle Kant employs for his argument on human dignity in the peculiar formulation of the Formula of Humanity as an End in Itself in his *Groundwork* (AA IV, p. 429). There he states the injunction “to treat humanity, whether in ... [one’s own; IP] person or in the person of any other, always at the same time as an end, never merely as a means.” For Kant, the individual does not possess a primary *right* to human dignity, but rather bears a primary *duty* toward human dignity. Constructed in the most *general* form possible—and therefore tied to the capacity for moral reasoning—*human dignity* pertains directly to *humanity as a species* as such and only indirectly to individuals, insofar as they are members of that species. If one follows

Kant's line of reasoning, the individual *participates* as a species-being (Gattungsmensch) in the dignity of humankind (Menschengattung).⁹

Pointing in the same direction are three further peculiarities in Kant's thought: First, his idea that human beings have duties to themselves, because as members of the human species they are obliged to show respect for humanity as such (Kant 1797, AA VI, pp. 417 ff.). Second, his claim that the moral law is binding not only for human beings but for all rational beings (for example, even for angels)—though not as an ought, but as pure volition, since such beings already possess a holy will (Kant 1785, AA IV, p. 414). Third, his idea that humans are not obliged to obey God, but only to follow what their own reason commands them to do. Kant traces the traditional, opposing view of religious thought back to a conceptual ambiguity (“amphiboly”), which leads to the categorical confusion of “mistaking one's duty *in relation to* other beings for a duty *toward* those beings” (Kant 1797, AA VI, p. 442, emphasis in the original). See also Kant (1781/1787, AA IV, pp. 214 ff.) for further discussion.

(3) To summarize my argument, I conclude that parts of the literature fundamentally misunderstand Kant. Certainly, Kant was a rigorous thinker. But his rigorism is theoretical, not practical: it concerns thinking, not acting. This crucial distinction is occasionally overlooked.

I would like briefly to explain the reason for this confusion and to identify the resulting misunderstanding as a category mistake. Kant's philosophy—his mode of ordering thought—can be described not only as a form of “compartmentalization” but also as a form of “purification.” After all, he is concerned with “pure” reason. Yet Kant's purification applies solely to thinking, not to acting. The point of *thinking*, for him, is to ground morality—which appears to us as duty, as obligation—in a law that reason gives to itself and that *every* rational being can will, at any time and in any place. Kant ties human dignity precisely to this *form* of thinking, which can be justified as universal only if the thinking on which it rests is itself universal. And it is for this very reason that Kant *purifies* practical reason of everything empirical, so that as pure reason it can achieve the intellectual accomplishment Kant intends: to think the supreme principle of morality as a moral law in an *absolutely general way*—independent of time, place, and all associated contingencies. Kant's purification thus amounts to the idea that pure practical reason generates the supreme principle of morality as the moral law *entirely from within itself*—and from *nothing else*, because any “something else” would stand in the way of precisely that universality of thought to which Kant ties human dignity.

Metaphorically speaking, in Kant the purity of pure practical reason plays a role in grounding human dignity similar to the role that the purity of Maria's Immaculate Conception plays in Christianity for recognizing the Son of God. In both cases, purity serves to mark a very special difference in status.

⁹ Human dignity is both a right and a duty. The standard conception of recognition reciprocity typically starts with the individual and generalizes from there. This can be observed in the various forms of the Golden Rule, which—whether in its positive or negative formulations—follow the logic: as you do unto me, so I will do unto you. Here, the duty is derived from the right. In contrast, Kant proceeds in the opposite direction. He derives the right from the duty. It is only because I am—by reason—obligated to recognize the dignity of other human beings in general (that is, the dignity of the human species), that I myself can claim a right to human dignity. Kant does not proceed from the individual to the collective, but from the collective to the individual—not from the particular to the universal, but from the universal to the particular. Put differently, for Kant, the *universality* of human rights does not rest on a process of *universalization* from the individual, but rather on a process of *individualization* from the species as a whole. The right to recognition results from the primacy of the duty to recognize.

If, however, transcendental-philosophical purification is—contrary to Kant—applied to action, as if it were not the thinking of pure practical reason but the everyday actions of human beings that had to be cleansed of all empirical motives, this inevitably results in norms of action whose absurdity lies in being both *utopian* and *rigoristic* at the same time, with extremely inhumane *consequences*. This was the reason why contemporaries of Kant such as Christian Garve and Friedrich Schiller believed they had to criticize his moral philosophy—prompting Kant to clarify that the utopianism and rigorism attributed to him were, in fact, foreign to his thinking.¹⁰

3. Kant's Political Philosophy

I consider Immanuel Kant to be one of the greatest philosophers of all time. Yet my esteem for him relates less to his moral philosophy than to his political philosophy and, in connection with that, to his philosophy of history and his methodological understanding of theory, his thought architecture. With regard to his moral philosophy, I am inclined to agree with Friedrich Nietzsche's aphoristic verdict. In *The Gay Science* (1888/1954; Book III, Aphorism 193, emphasis in the original), Nietzsche writes:

"Kant's joke. — Kant wanted, in a way that would shock 'everybody,' to prove that 'everybody' was right — that was the hidden joke of this soul. He wrote against the scholars in favor of the popular prejudice, but for scholars and not for the people."

My high regard for Kant's political philosophy is in very broad agreement with Hannah Arendt. She contrasts Kant with Plato and Heidegger, whom she accused of having an affinity for tyranny—something utterly foreign to Kant. Toward the end of her speech on the occasion of Heidegger's 80th birthday (1969/1971), Arendt writes:

„We who wish to honor the thinkers ... can hardly help finding it striking and perhaps exasperating that Plato and Heidegger, when they entered into human affairs, turned to tyrants and Führers. This should be imputed not just to the circumstances of the times and even less to preformed character, but rather to what the French call a *déformation professionnelle*. For the attraction to the tyrannical can be demonstrated theoretically in many of the great thinkers (Kant is the great exception).“¹¹

I would now like to identify a source of inspiration that the ordonomic research program owes to Kant's political philosophy in the broader sense.

Much as in Thomas Hobbes, one also finds in Immanuel Kant a highly illuminating conception of how normative ideas can be realized in processes of societal learning

¹⁰ A further observation may be permitted here. Even the pre-critical Kant already had a high regard for self-interest. In his 1764 work *Observations on the Feeling of the Beautiful and Sublime* one finds a passage so interesting that it deserves to be quoted here (Kant 1764; AA II, p. 227, emphasis in the original): "Those who steadfastly keep their dearest self before their eyes as the sole point of reference for their endeavors, and who seek to make *self-interest* the great axis around which everything turns, are the *most numerous*—and nothing could be more advantageous. For these are the most industrious, orderly, and prudent; they give structure and stability to the whole, and even without intending it they become beneficial to the community, providing for necessary needs and laying the foundation upon which more refined souls can spread beauty and harmony." This '*invisible-hand*' line of argument is of *striking* importance for Kant's *entire* body of work.

¹¹ It is a testament to Kant's philosophical discernment that he explicitly distanced himself from Plato on precisely this contested point. Kant (1795; AA VIII, p. 369): "That kings should philosophize, or that philosophers should become kings, is not to be expected, and indeed not to be wished for; for the possession of power inevitably corrupts the free judgment of reason." – For a broader perspective on Kant, see Arendt (1982/1998). For a broader perspective on Arendt, see Pies (2011/2022).

through institutional implementation. Illustrative material for this can be found in his 1795 essay *Toward Perpetual Peace*.

There we find a famous passage that strongly recalls Hobbes's idea of how human beings emerge from a state of anarchy in which they encounter one another like wolves (see Hobbes (1642/1651 [1841]: p. ii). Kant uses a somewhat different image, but the logic remains the same: The point is a constitution that transforms conflicting private interests into a public order and precisely thereby pacifies the conflict of interests. The underlying idea is that of a constitutionally achieved equilibrium. Kant writes (1795; AA VIII, pp. 366 f.):

"The problem of establishing a state is, hard as it may sound, solvable even for a nation of devils (if only they have understanding), and it can be stated as follows: 'To order a multitude of rational beings, all of whom demand universal laws for their preservation yet each of whom is secretly inclined to exempt himself from them, in such a way and to organize their constitution so that, although in their private attitudes they oppose one another, they nevertheless so check each other that in their public conduct the result is the same as if they had no such evil dispositions.' Such a problem must be solvable. For what is at issue is not the moral improvement of human beings, but only the mechanism of nature—namely, how one can make use of it in human beings in order to direct the conflict of their antagonistic dispositions in such a way that they compel one another to submit to coercive laws and thereby must bring about a condition of peace in which laws have force. One can see this even in the actually existing, still very imperfectly organized states, which in their outward conduct already approximate very closely to what the idea of right prescribes, even though their inner morality is certainly not the cause of this (for it is also not from inner morality that a good constitution is to be expected, but rather conversely from the latter that a good moral formation of a people is first to be hoped for). Thus the mechanism of nature, through self-interested inclinations that naturally also oppose one another externally, can be used by reason as a means to give scope to its own end, the legal prescription, and thereby—so far as depends on the state itself—to promote and secure both internal and external peace."¹²

Reflecting on Kant's theory architecture, three points are of particular interest from an ordonomic perspective.

First, Kant's political philosophy duplicates the dialectic of freedom and coercion familiar from his moral philosophy. Consequently, in Kant there is an *analogy* between moral autonomy and political autonomy. *Moral* autonomy is based on the idea of an *individual self-legislation* of pure practical reason, while *political* autonomy is based on the idea of a *collective self-legislation* of a community of free citizens who mutually impose upon themselves a constitutional order.

Second, Kant's political philosophy duplicates the familiar prioritization—found also in his moral philosophy—of the concept of the law over the concept of the good. I will briefly explain this point with reference to a longer passage from his *Critique of Practical Reason* (1788; AA V, pp. 62–65).

Here Kant draws attention to the "paradox of method in a critique of practical reason" (p. 62). The issue is as follows: In Kant's view, there are two ways of doing moral philosophy—one obvious and one that at first seems paradoxical. The obvious way is to start from a concept of the good and add the concept of law afterward. The way that initially seems paradoxical, or at least strange, is to proceed in precisely the opposite manner: to begin with the concept of law and add the idea of the good only afterward. According to

¹² Kant's resolution of the tension between a moral politician and a political moralist also echoes Hobbes. In Hobbes (1651/1839; p. 145), there is a duty to peace—but not in action (in *foro externo*), rather in thought (in *foro interno*). Literally translated, Hobbes is concerned with *peacefulness*, that is, the publically communicated *willingness* to pursue peace. Analogously, Kant posits a duty for the moral politician to remedy constitutional deficits, but again not through direct action, rather in thought—as a *maxim*. See explicitly Kant (1795; AA VIII, p. 372).

Kant, all moral philosophy prior to him had taken the first path, thereby incurring serious disadvantages.

His argument is this: If, as seems natural for a philosophy of morals, one begins with the concept of the good, one thereby reduces morality to “sensibility” (p. 62). This subordinates practical reason to “heteronomy” (pp. 64–65). In Kant’s view, this constitutes the fundamental error of all moral philosophy before him. It is precisely at this strategic theoretical juncture that he locates the methodological source of “all aberrations of philosophers with regard to the supreme principle of morality” (p. 64).

The decisive feature of his critical moral philosophy now consists in reversing the customary procedure—so to speak, putting it on its feet rather than leaving it on its head: Kant begins with the concept of law and then infers from the *moral law* to the concept of the good. By interpreting *legislation* as *self-legislation*, he secures the moral *autonomy* of *pure* practical reason—a feature that, in his view, all traditional moral philosophies before him had failed to achieve.

Why this is of such paramount importance from his perspective can already be gleaned—albeit only in hints—from the closing pages of the Critique of Pure Reason, written under the conditions of Prussian censorship. There Kant writes (1781/1787; A III, p. 531):

“So far as practical reason has the right to guide us, we shall not regard actions as obligatory because they are commands of God; rather, we shall regard them as divine commands because we are inwardly obligated to them.”

The strategic theoretical point is thus as follows: By giving priority to the concept of law over the concept of the good, Kant opens up the option of inferring *autonomy* from *legislation* understood as rational *self-legislation*—and of thereby closely linking the ideas of individual *freedom* and human *dignity*.

The same prioritization of the concept of law over the concept of the good can also be found in Kant’s political philosophy, where he does not—though this would seem obvious—make better people a precondition for better laws, but rather, paradoxically and at least seemingly counter-intuitively, ascribes to better laws the effect of producing better people.

That this has an affinity with ordonomics, which likewise seeks to advance processes of societal learning not by way of individual ethics but by way of *order ethics*—that is, through innovative ideas for the implementation of functional governance structures (see Pies 2025a)—should be obvious and needs no further elaboration here. What should by now be clear, however, is why I am reluctant to accept Kant as an objection to ordonomic theory building without reply, and why I believe I can in fact counter such an objection with very good reasons.

The third point of interest from an ordonomic perspective is perhaps less obvious, yet it is by no means unimportant. What is at issue?

One should ask not only, as Kant himself does, about the relationship between morality and politics, but also about the relationship between moral philosophy and political philosophy in Kant. My view is as follows: the chronology of his writings is misleading. It is far easier to understand Kant’s moral philosophy from the vantage point of his political philosophy than vice versa. This, I believe, explains the immense difficulties of reception that have accumulated in the secondary and tertiary literature—difficulties to which essays such as that of Svanberg and Svanberg (2021) bear eloquent, if unintended, witness.

To state the point as a thesis: The prioritization of law over morality—that which John Rawls (1971, p. 31 n. 16; 1988), adapting Kant, refers to as “the priority of the right over the good”—is found not only within Kant’s moral philosophy, especially in his *Critique of Practical Reason*, and not only within his political philosophy, especially in *Toward Perpetual Peace*, but, above all, in his oeuvre as a whole: as the priority of political philosophy over moral philosophy.

4. Kant’s Method

To at least begin to substantiate this thesis, I now turn to a second source of inspiration that ordonomics draws from Immanuel Kant. This inspiration concerns the transcendental-philosophical method—that is, in short, the guiding research motto: *How must I conceive of a problem in order to make it solvable?*

My approach is as follows: Rather than examining Kant’s entire oeuvre, I focus on a single essay, namely his 1784 published *Idea for a Universal History with a Cosmopolitan Purpose* (Kant 1784b; AA VIII, pp. 15–32). Here Kant applies *teleology* as a *regulative idea* in exemplary fashion—just as he would later make explicit, a few years on, in his (in this respect often misunderstood) *Critique of the Power of Judgment*. There, he classifies the doctrine of purposiveness or *teleology* that he defends as a “*regulative principle*” (1790; AA V, p. 361), explicitly assigning it the status of a *heuristic* rather than that of an empirical assumption.

Having published his *Critique of Pure Reason* in 1781, Kant in 1784 was anything but lacking in self-confidence. On the contrary, he ascribes truly epoch-making significance to the public emergence of his transcendental philosophy, which he develops as a *philosophy of freedom*. This extraordinary self-confidence is evident already in the way he opens the essay with a veritable drumroll, claiming that with this brief, highly condensed contribution to social theory—Kant uses the expression “a universal history with a cosmopolitan purpose”—he aims to achieve for social theory what Kepler and Newton *together* had achieved for the natural sciences: namely, to discern an empirical pattern and then to explain this lawful pattern causally, that is, by tracing it back to natural causes (see Kant 1784b; AA VIII, p. 18).

Kant fulfills this striking announcement with nine annotated propositions. These answer a question that is methodologically clearly transcendental-philosophical and teleological in nature: How must we conceive of human history so that this way of thinking, first, imparts *meaning* to human history and, second, as thinking within the very history thus conceived, can itself contribute to *supporting* this meaning? His answer is this: human history is to be conceived as a *political learning process* that inherently tends toward a constitutionalized world society—peacefully and federatively organized through law.

Kant’s concern here is with the reflectively self-referential purposiveness of a theoretical strategy of thinking that is deliberately designed to have constructivist—and thereby even constructive—practical effects: a form of thinking worked through with utmost consistency, examining how it affects its own subject matter and how, precisely thereby, it can best promote it intellectually. It is for this reason that Kant quite deliberately publishes his *Idea for a Universal History with a Cosmopolitan Purpose*—which is

completely transparent about its own *purposiveness*. This form of teleology is about *making meaning* in a way that both makes *sense* and knows that it *makes sense*.¹³

I will now briefly go through the nine sentences in order to reconstruct Kant's line of argument, both in content and in method.

Sentence 1: Kant begins with the transcendental-philosophical idea that the "guiding thread of reason" for human history, which he announced at the outset, *presupposes* attributing an intention to nature.

Sentence 2: Kant does not, however, relate this intention of nature to the individual human being but rather to humanity as a species. He defines it as follows: Nature's purpose is that humankind gradually bring to full development, over time, its natural disposition for the use of reason.

Sentence 3: Considered as a species, the human being is a deficient creature that can survive only through the exercise of its own rational capacities—in contrast to animals, which can survive on the basis of their instincts alone.

Sentence 4: Nature employs a process of antagonistic cooperation to realize its intention. In this context, Kant coins his famous phrase "the unsocial sociability of men." Human history thus appears as a process of ever-new conflicts and their resolutions.

Sentence 5: The telos of this process—"the highest purpose of nature for the human race"—Kant defines as a society constituted in freedom.

Sentence 6: This goal, set for humankind by nature, can never be fully achieved under real-world conditions but only approximated, for "from such crooked timber as humankind is made, nothing entirely straight can be built."

Sentence 7: Making matters more difficult, a society constituted in freedom depends not only on a legal and peaceful order within (among individual citizens) but also on such an order without (among states).

Sentence 8: Kant summarizes his argument so far by succinctly stating that it is indeed *possible* to think as he has just been thinking. He writes: "One can regard the history of the human race ... as the realization of a hidden plan of nature," a plan defined as nature's intention to establish a *constitutional legal order* both *internally* and *externally*—an order that in turn makes it possible for human beings living under it to develop ever more fully, over time, their natural capacity for the use of reason, thereby continually perfecting themselves as world citizens within a world society. Kant's teleology thus envisions a moderate, non-rigorous, non-perfectionist, and ultimately processual form of self-improvement, conceived as a regulative idea of an open-ended, categorically infinite process

¹³ As a side note: Niklas Luhmann—referring to George Spencer-Brown's calculus of forms—would speak here of a *re-entry*: How must a theory of society be conceived in order for it to become practically effective *within* the very society *for which* it is formulated? This is analogous to Thomas Hobbes, whose question was: How must a *theory of concluding peace* be conceived in order for its public reception actually to promote the *practice of concluding peace*? And it is, of course, analogous to John Rawls, whose question was: How must a theory of justice be conceived so that its reception assists common sense in making the *categorical shift* from everyday judgments of justice—focused on individual actions and acting individuals—to judgments of justice that concern the *basic structure of societal institutions*? In addition, there is an analogy to orthonomics, whose analyses of the relation between social structure and semantics ultimately culminate in the question of ideative ethics: How must a scientific theory of discourse failure be methodologically designed so that—precisely as *science*, i.e., without controversial value judgments—it can help to constructively (or constructivistically) advance *societal learning processes*, not only by providing public arguments for *anamnesis* and *diagnosis* but also for *therapy*? In this sense, orthonomics understands itself as a societally relevant *grammar of argumentation*, that is, as a methodological approach to the heuristic guidance of *orthogonal positionings*.

of human self-perfection. Put differently: For Kant there can be no end of history. He conceives human history as an open-ended process of ever-better realization of reason and freedom.

Given this background, Sentence 9 no longer requires a separate interpretation but only needs to be quoted. It reads (Kant 1784b; AA VIII, p. 29, emphasis added):

“A philosophical attempt to work out a universal history of the world in accordance with a plan of nature aimed at the perfect civic union of the human race must be regarded as possible and *as itself conducive to this intention of nature.*”

From an ordonomic point of view, two aspects of Kant’s line of argument are of particular importance: one substantive and one methodological.

Substantively, what is first of interest is how Kant—ultimately with truly epoch-making impact, as one may note by thinking of the philosophers Hegel and Marx who followed him—changes the perspective on conflicts.

Conflicts no longer appear *merely* as *evils* to be overcome. Rather, they are now *also* cast in a *positive* light: they are, as it were, the driving force that propels the historical process forward. The improvements that Kant’s progress narrative invites us to welcome—both those already achieved and those yet to be realized—are in fact inconceivable without the *conflicts* that underlie them and that call forth their resolution.

This revaluation—indeed, almost elevation—of conflict as the *movens* of history extends, in Kant, even to the *causes* of conflict: to the human *vices* that render human beings, who are dependent on sociability, nonetheless unsociable. One almost gets the impression that Kant is singing a hymn of praise to ambition, the lust for power, and avarice. As he writes (1784b; AA VIII, p. 21):

“Thanks, then, to nature for discord, for envious rivalry, for the insatiable desire to possess or to rule! Without them all excellent natural predispositions in humankind would forever lie dormant and undeveloped.”

In reality, however, Kant’s aim here is simply to mark a change of perspective: The vices are normatively ambivalent because the “qualities of unsociability, which in themselves are certainly not lovable” (p. 21), set in motion—and keep in motion—a process in the course of which “the crude natural predisposition to moral discrimination” (ultimately Kant’s categorical imperative) can “finally transform society into a *moral* whole” (p. 21, emphasis in the original).

To me one thing is certain: Ordonomics need not accept *this* Kant as a counter-model. Such reproaches should not remain unanswered, because they rest on a fundamental misunderstanding of Kant’s approach and direction of thought.

Ordonomics, therefore, needs not accept Kant as a counter-model. Such objections rest on a fundamental misunderstanding of his approach. Kant was not the rigoristic individual ethicist he is often made out to be, but a profound social theorist who understood that morality depends on law and that societal learning processes are needed to develop both legal and moral order as rational self-legislation. For Kant, thinking in incentives and institutional equilibria was self-evident—unlike for some moralists who, ironically, invoke Kant to reject precisely the institutional mechanisms he saw as essential to channel self-interest toward the common good. Anyone who invokes Kant as an authority against institutional incentive structures thereby misunderstands not only ordonomics but also Kant himself—whose philosophy of freedom was, at its core, a theory of constitutional order.

From a methodological perspective, what is of particular interest to ordonomics is that Kant proves to be an excellent constitutional theorist not only with regard to the *constitution of action* but also with regard to the *constitution of thought*. In ordonomic terminology, Kant is an expert on *social structure* and *semantics*. He is concerned not only with the *institutional constitution* but also, and especially, with the *ideational constitution* of humanity and its public use of reason—more precisely, with the *intellectual constitution(alization) of thinking itself*. For Kant, this takes the form of a thoroughly reflected *purposiveness*. His *teleology* is therefore not a naïve ontology of nature, as is sometimes assumed, but rather the *regulative idea of constructivist theory building*—one that subjects its own purposiveness, as a philosophical contribution to the progressive development of cosmopolitanism, to renewed methodological self-reflection.

Kant thinks *as* he does *because* he believes that his way of thinking—more than *any* alternative mode of thought—shows humanity how it can continue its history as a process of emancipation and, in this sense, take its fate into its own hands. Kant’s philosophy of reason conceives of the moral and political autonomy of human beings as *freedom*—and aims, precisely by publicly thinking this very thought, to contribute modestly yet meaningfully to human *liberation*. His theory of Enlightenment actively practices enlightenment and *is* thus already a part of the very practice whose theory it is.

To substantiate this interpretation—which has been an important source of inspiration for the ordonomic research program—two quotations from Kant may serve in conclusion.

The first quotation comes from Kant’s commentary on the eighth proposition, where he writes (p. 27, emphasis in the original):

“One sees that philosophy too may have its *chiliasm*—but such a chiliasm whose realization its very idea, however remotely, can itself promote, and which is therefore anything but enthusiastic delusion.”

The second quotation comes from Kant’s commentary on the ninth proposition, where he rejects alternative conceptions of human history that ultimately defer all hope to the *here-after*. He stresses that his own narrative of progress justifies hopes for *this* world and at the very least “opens up a comforting prospect for the future” (p. 30). He then adds a passage that, as I would suggest, deserves the most careful consideration—especially the word which I have deliberately italicized (p. 30, emphasis added):

“Such a justification of nature—or better, of providence—is no insignificant ground for *choosing* a particular standpoint for viewing the world.”

To summarize this final point in my own words: Kant knows exactly what he is doing here. His concern is to orient himself—and us—in thinking. But such orientation *in* thought can be achieved only *through* thinking itself, which requires self-reflection. By reflecting on his own thinking, Kant formulates an idea of history that becomes part of the very history it envisions—and thereby aims to have epochal impact. Kant’s teleology consists in positing a “plan of nature” as a heuristic fiction in order to craft a narrative of progress that can, within the very historical process it depicts, help shape both the direction and the pace of a rational development toward law and, ultimately, toward morality. It is precisely this carefully designed strategy that makes Kant a profound source of methodological inspiration for ordonomics.

Summary: Ten Key Propositions

I have sought to take Immanuel Kant seriously as a classic by examining the fundamental problem his theory addresses. My interpretation: Kant develops his philosophy as an original meta-theory. His key question is: *How must a problem be formulated so that it can be addressed theoretically with a prospect of success?*

I read Kant's philosophy as a theory of *purposive theory-building*. Or, in Kant's own terminology: His transcendental philosophy is designed to employ *teleology as a regulative idea*. His writings revolve in a kind of continuous loop around the systematic self-reflection of the question: *How expedient is it if I think in the way I am thinking?*

This perspective on Kant's work leads to ten substantive interpretative propositions.

1. *Primacy of human dignity*: Kant's moral philosophy aims to ground the dignity of human beings. To this end, Kant develops the idea of pure practical reason. Its intellectual achievement consists in casting the highest end of morality into the form of law. In this way, the notion of duty—linked to the demand of obligation—is traced back to *willing*, because the rational person, through pure practical reason, gives herself the moral law. Kant interprets this *self-legislation* as *autonomy* and then derives the universality of human dignity from the universality of pure practical reason.
2. *Primacy of thinking*: Kant's moral philosophy concerns not primarily action but thinking. The purification of practical reason aims for it to determine the categorical imperative *purely from itself*—just via *thinking*, free from all sensory and empirical factors. The categorical imperative itself refers not to acting but to the *maxim* of action—that is, to thinking.
3. *Complementarity of the faculties of reason*: To act morally requires more than pure practical reason. Understanding (knowledge of circumstances) and judgment (weighing ends and means) are also necessary to ensure the expediency of action.
4. *The role of sensibility*: Kant's position as a moral philosopher is as follows: when pure practical reason determines the categorical imperative, empirical considerations play no role and indeed *must* not play any role. Instincts, inclinations, interests, and all contingent factors of time and place are deliberately excluded from the determination of the supreme moral maxim because they would undermine Kant's argument for human dignity, which is supposed to be *universal* rather than contingent. In concrete moral action, however, these empirical factors do play a role—yet only as an accompaniment to the melody set by the categorical imperative. In thinking, sensibility would contaminate morality; action, however, is impossible without sensibility. According to Kant, non-moral motivations—such as self-interest—may accompany moral action, provided that—and this is the decisive point—they do not challenge the *status* of the moral maxim as the *decisive motive*.
5. *Moral philosophy versus political philosophy*: Kant's moral philosophy gains clarity and depth when viewed not in isolation but in systematic connection with his political philosophy. This reading offers several advantages. One sees structural analogies—for example, that *moral* autonomy as the *individual* self-legislation of a person parallels *political* autonomy as the *collective* self-legislation of a people. One also sees Kant's conception of normative learning processes. For him, there is a priority of the right over the good and thus a priority of order ethics over

individual ethics—precisely in the sense that better people are not the precondition for better institutions; rather, better institutions open the prospect of moral improvement for people.

6. *Priority of the right over the good*: This priority appears in Kant at several levels, even within pure moral philosophy. He calls this the “paradox of method in a critique of practical reason.” Here Kant explains why he deliberately does not proceed from the good to the law but instead from the law to the good. The rejected procedure would lead to heteronomy. The preferred procedure, by contrast, guarantees autonomy and thus human dignity.
7. *Theme*: In terms of content, Kant pursues a *coherence*-oriented philosophy of constitutional thought. The aim is always orientation in thinking: World society must be constituted so that states can coexist peacefully; states must be constituted so that individual spheres of freedom fit together; law and morality must be ordered so that they are compatible. The faculties of reason—understanding, practical reason, and judgment—must be defined and combined in such a way that, despite their distinction, they represent the unity of reason.
8. *Method*: In terms of approach, Kant engages in *transcendental* philosophy. For the constitutional problems of his order-thinking, this method is consistently appropriate. His quest for coherence always raises the question: How must I think a problem so that it becomes solvable? One might say that Kant’s key to success is to solve problems of order transcendental-philosophically by first ordering the order of thought.
9. *Regulative idea*: Teleologically considered, Kant develops *theory for the sake of practice*. His theory of order genuinely seeks to order; his philosophy of enlightenment genuinely seeks to enlighten; his philosophy of freedom genuinely seeks to liberate. His philosophy of the public use of reason already *exemplifies* public reasoning.
10. *Theory design*: From a research-programmatic perspective, these three aspects—content, method, and regulative idea—are systematically connected in Kant’s philosophy. They are conceived coherently as follows: Kant wants his philosophy to have social effects. For this purpose, he deliberately tailors it to the intended effects. And then, in repeated self-reflection, he asks how purposively he has conceived the problem of orientation in thought. In this way, Kant’s work offers a thoroughly considered and teleologically empowered theory design: Kant thinks practice—but in such a way that his theory finds a place in that practice, even assigning itself that place, and thus can itself become practical. Kant’s philosophy of freedom situates itself within a process of public self-enlightenment that it both conceives and influences by conceiving it. His *theory* of orienting oneself in thought not only culminates in the *practice* of orienting oneself in thought; it is already that practice.

These ten key propositions show that Kant is not to be read as a rigid moral utopian but as a systematic thinker concerned with advancing law and morality through processes of public self-enlightenment and with programming them for progress. Kant was no moralist and no friend of mere exhortation; rather, he was an advocate of *order-thinking* and—remarkably early and impressively—the architect of a sophisticated *theory of order* and even a *meta-theory of ordering*. He would have wholeheartedly agreed with the ordonomic maxim: “*Do not blame the players—change the game!*”

Looking forward rather than backward, there are two points—concerning both content and form—that make Kant’s work still highly relevant for contemporary theory-building. One is content-related: his idea of the priority of the right over the good assigns institutional incentives a systematic role in moral progress and thus offers constructive points of connection for an order-ethics perspective, as his theory engages with societal learning processes to influence their direction and speed. The other is formal: the way Kant reflects on and deliberately designs his theory so as to think the ideas of moral autonomy, political autonomy, and especially progress advanced through institutionalization in a way that intellectually anticipates and prepares their own realization in reality.

Kant knew exactly what he was doing when he thought, and he had excellent reasons for thinking the way he did. For anyone interested in theory-building—especially in the *construction* of theory—there is much to learn here.

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Appendix III: The Ordonomic Grammar of Argumentation – Introducing Methodological Instrumentalism

The following text provides a concise explanation of how the ordonomic approach—conceived as a *grammar of argumentation* for political discourse—employs the *practical syllogism* as an analytical tool. This tool makes it possible to break normative judgments down logically into three elements: normative premises, positive premises, and a normative conclusion. The underlying idea goes back to my dissertation and my engagement there with Max Weber (Pies 1993), which I will briefly outline here.

Consistent with Max Weber, it can be assumed that science finds it comparatively easy to conduct instrumental debates about facts—that is, to organize rational discussions on how best to achieve a given goal. At the same time, science finds it much more difficult to discuss which goals should be chosen—particularly if it seeks to heed Weber’s admonition to avoid controversial value judgments in order to preserve its integrity and credibility. The strategy preferred by ordonomics for addressing this problem is to transform goal discussions into means discussions, enabling them to be conducted as instrumental, fact-based debates. This requires the conceptual maneuver of reframing contested goals as alternative means to a widely shared overarching goal. In this sense, it is apt to describe this specific approach to rationalizing political discourse as *methodological instrumentalism*.

To illustrate how ordonomics uses the practical syllogism as a method, the text examines a concrete application: the public debate (especially in Germany) about the so-called “gender pay gap.” Using this example (status: December 2023), it is shown that the practical syllogism can be applied in two distinct ways if one wishes, from an academic perspective, to make political discourse more conducive to epistemic progress:

- *Downstream argumentation* accepts the normative premise and uses scientific insights to revise the conclusion by making progress on the positive premise.
- Upstream argumentation uses progress on the positive premise to question the normative premise. From there, two nested downstream arguments are developed—one for the revised goal and one for a new overarching goal—so that the proposed change to the original goal can be justified without invoking controversial value judgments.

I would like to express my gratitude to my former student, long-time colleague, and reliable friend Stefan Hielscher for his energetic support. He engaged with me in intensive and highly stimulating discussions—both critical and constructive—about this application.

1. Background information on the moral desideratum of gender equality

(1) The equality of men and women (gender equality) is an important moral concern. This is clearly reflected, for example, in the United Nations’ *Universal Declaration of Human Rights* of December 10, 1948. The preamble declares (UN 2023): “[T]he peoples of the United Nations have in the Charter reaffirmed their faith in fundamental human rights, in the dignity and worth of the human person and in the equal rights of men and women”.

This principle is reinforced in Article 1 stating: “All human beings are born free and equal in dignity and rights.” Article 2 further specifies: “Everyone is entitled to all the

rights and freedoms set forth in this Declaration, without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.”

Article 16 continues: “1. Men and women of full age, without any limitation due to race, nationality or religion, have the right to marry and to found a family. They are entitled to equal rights as to marriage, during marriage and at its dissolution. 2. Marriage shall be entered into only with the free and full consent of the intending spouses.”

Relevant provisions are also found in Article 23: “1. Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment. 2. Everyone, without any discrimination, has the right to equal pay for equal work. 3. Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.”

(2) To commemorate this document, *Human Rights Day* is celebrated each year on December 10. In line with this tradition, the European Union marks an “*Equal Pay Day*” (EPD) every year to raise and sustain public awareness that women should face no discrimination in their private or professional lives—particularly no discrimination in pay.

The European Commission provides the following information:

“In the EU27, the average gross hourly earnings of male employees was 12.7% higher than for women in 2021. This gender pay gap equals to a difference of around one month and an half of salary per year. The day of the year on which women symbolically stop on average to be paid compared to men is called the Equal Pay Day. The European Commission marks this day every year in order to keep raising awareness on the fact that female workers in Europe still earn on average less than their male colleagues. This day changes depending on the latest figure of the EU gender pay gap. In 2023, the European Equal Pay Day falls on 15 November.” (EU Commission 2023)

(3) Many European member states hold their own national EPDs. In Germany, the EPD is organized by a national action alliance initiated by the women’s network “*Business and Professional Women – Germany e.V. (BPW Germany)*”, with organizational support from the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (BMFSFJ). This network explains the purpose of the EPD as follows:

“Equal Pay Day symbolically marks the gender pay gap, which, according to the Federal Statistical Office, is 18 percent in Germany (as of March 7, 2022). Assuming men and women are paid the same hourly wage, Equal Pay Day represents the day until which women work unpaid, while men have been paid for their work since January 1. If you convert the value into days, women work unpaid for a total of 66 days. The next Equal Pay Day will therefore take place on March 6, 2024.” (EPD 2023, translation by IP).

The Federal Ministry also follows this line of argument:

“Equal Pay Day symbolically marks the day of the year until which women work for free – while men have been paid for their work since the beginning of the year.” (BMFSFJ 2023a, translation by IP).

And it continues:

“Everywhere in Europe, women earn less than men. In Germany, the pay gap between women and men is 18 percent. Even with the same formal qualifications and otherwise the same characteristics, the pay gap is still six percent. **A clear indication of hidden discrimination against women in the labor market.**” (BMFSFJ 2023a, translation and emphasis by IP).

(4) In Germany, the Equal Pay Day’s motto 2024 was: “High time for equal pay!”. The organizers provide the following explanation:

“Based on this motto, this year’s EPD campaign focuses on the link between time and money. How free are women and men in how they use their time? Women are still almost three times more likely to work part-time than men, as women usually take on the majority of care work in the family. This

discrepancy in working hours is partly responsible for the gender pay gap of 18 percent. **What needs to change in order for care work, paid work and leisure time to be shared equally?**” (EPD 2023, translation and emphasis by IP)

2. Methodological Instrumentalism I: Downstream arguments in the practical syllogism

In this section, I first reconstruct the BMFSFJ statement **in bold** using the practical syllogism and then present a downstream counterargument. In the following section, I apply the same procedure to the EPD statement **in bold**. In this second case, however, my counterargument proceeds in an upstream direction (see Fig. AIII-1).

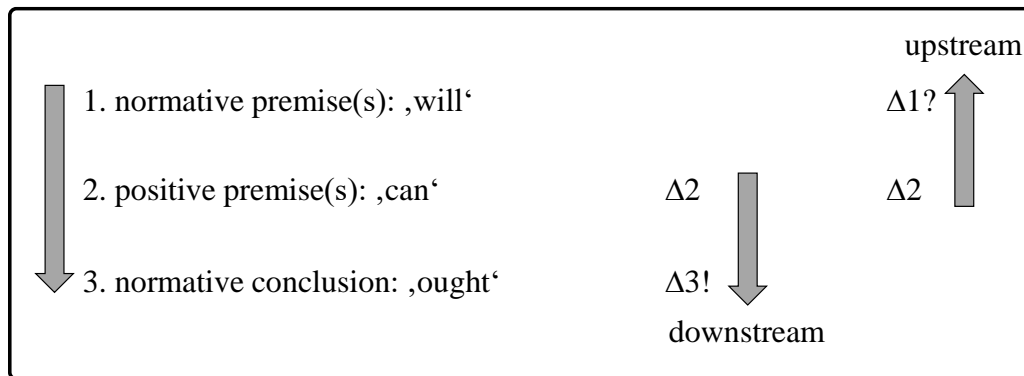


Figure AIII-1: The practical syllogism: downstream versus upstream arguments (own presentation based on Homann 1985: 35; Pies 1993: 1-37; Pies 2023: 3, Fig. 2)

(1) Here is my proposal to reconstruct the BMFSFJ statement:

- 1 Men and women (considered as groups) should be paid equally.
- 2a In 2022, the unadjusted gender pay gap in Germany amounted to 18%, the adjusted to 6%.
- 2b **This unequal pay for men and women (considered as groups) suggests discrimination in the labor market.**
- 3 There is a need for (political) action to improve equality for women in the labor market.

I (re-)formulate the goal pursued by policymakers as a normative premise (1). The empirical statements (2a) are based on data from the Federal Statistical Office and are (almost) factually correct: in 2022, the adjusted gender pay gap amounted to 7%. The BMFSFJ statement printed in bold is slightly reformulated here and also marked in bold. This is a positive premise as to how the facts should be interpreted (2b). The quintessential statement of judgment is derived, in a logically consistent manner, as a normative conclusion (3) from both the normative premise and the two positive premises.

(2) Here is my counterargument based on the procedure of Methodological Instrumentalism:

- 1 Men and women (considered as groups) should be paid equally.
- 2a In 2022, the unadjusted gender pay gap in Germany amounted to 18%, the adjusted gender pay gap to 7%.
- $\Delta 2b$ **This unequal pay for men and women (considered as groups) does not necessarily indicate discrimination in the labor market.**
- $\Delta 3$ Whether there is a need for (political) action to improve equality for women in the labor market cannot be clearly determined on the basis of this data.

First, let me outline the *formal structure* of my counterargument. I leave the normative premise unchanged and also retain the positive premise (2a). My critique begins with the positive premise (2b), which I modify as indicated by Δ . The revised premise ($\Delta 2b$) provides a corrected interpretation of the data. As a consequence, the normative conclusion must also be adjusted. The new conclusion ($\Delta 3$) is not merely the opposite of the original conclusion (3); rather, it offers a more nuanced assessment, emphasizing that the empirical information on the adjusted and unadjusted gender pay gaps does not, by itself, justify the claim that political action is necessary.

Let me now turn to the *substance* of the argument. The Federal Statistical Office of Germany (Destatis) not only calculates the gender pay gap but also offers guidance on how these figures should be interpreted. This is crucial, as the devil is in the details—especially when the goal is to understand the statistics accurately with regard to their moral significance and political relevance.

Destatis provides the following information on the *unadjusted* gender pay gap:

“The unadjusted gender pay gap is defined as the difference between the average gross hourly earnings of women and men as a percentage of the average gross hourly earnings of male employees ... It should be noted that this is the pay gap without adjustments. It also includes the difference in earnings that is due, for example, to women and men working in differently paid jobs, at different career levels or with different qualifications.” (Destatis 2023a, translation by IP).

This is the information Destatis provides on the *adjusted* gender pay gap:

“It removes that part of the pay gap that is due to structural differences between the genders, such as differences in occupation, sector, scope of employment, qualification or career level.” Furthermore: “It should be noted here that information is not available on all wage-relevant influencing factors. For example, there is a lack of information on career breaks (e.g., due to parental leave), which would have reduced the adjusted gender pay gap. **Therefore, the value should not be equated with pay discrimination, but is rather regarded as an “upper limit” for pay discrimination.**” (Destatis 2023a, translation and emphasis by IP).

It is evident that the BMFSFJ adopts the *data* (albeit with a minor factual error) but not the *interpretation* provided by the Federal Statistical Office. The ministry infers that discrimination exists, even though the statisticians explicitly caution that such a conclusion is not warranted. Without additional information, it is impossible to determine with certainty whether discrimination is actually present—and, consequently, whether there is a genuine need for political action to combat it.

Let me take stock of what I have done so far. I have constructed a refutation designed to persuade potential participants in political debate. To achieve this, I have intentionally kept their normative premise unchanged—at least for the sake of argument. This approach reflects a well-established principle in classical liberalism: to conduct debates as value-neutrally as possible by adopting the normative premises of opposing positions as the starting point, and then demonstrating that overlooked challenges or misjudgments

may in fact lead to different conclusions. F.A. Hayek's critical engagement with socialism, for example, follows precisely this argumentative pattern (cf. Hayek 1939).

3. Methodological Instrumentalism II: Upstream and Downstream arguments

Methodological Instrumentalism generalizes this principle of avoiding value-laden debates and turns it into a systematic approach for critically examining normative goals. By making methodical use of the practical syllogism, it becomes possible to question—and, where appropriate, to revise—normative premises in a reasoned and transparent way, rather than simply accepting or rejecting them outright. This is what I now aim to demonstrate.

(1) Here is my reconstruction of the EPD statement:

- 1 Men and women (considered as groups) should be paid equally.
- 2a In 2022, the unadjusted gender pay gap in Germany amounted to 18%, the adjusted gender pay gap to 7%.
- 2b An important factor here is the unequal distribution of care work between men and women within the family.
- 3 **There is a need for political action to distribute care work within the family equally between men and women.**

I formulate the political goal pursued by EPD as a normative premise (1). The empirical statements (2a) and (2b) draw on Destatis data and are factually accurate. The EPD statement highlighted in bold above is a slightly reformulated version of the previously quoted passage in bold. It represents a normative conclusion (3), logically derived from the normative premise and the two positive premises.

(2) My counterargument follows the procedure of Methodological Instrumentalism:

First, I formulate a new positive premise:

- Δ2c The intra-family allocation of care work between men and women follows social norms that are partly based on traditional stereotypes and partly on different preferences. Therefore, an equal allocation, which would indeed reduce the gender pay gap, would run counter to the interests of many women.

From here, I question the normative premise as follows:

- 1? Is it really a sensible desideratum that men and women (viewed as groups) should be paid equally?

Whereas, as shown above, a *downstream* argument proceeds from a revised positive premise (Δ2) to a new conclusion (Δ3), an *upstream* argument begins with the revised positive premise (Δ2) but then takes the *opposite route* by challenging the normative premise (1?) (see again Fig. AIII-1).

This upstream argument proceeds in two steps. First, it highlights the possibility that implementing the principle of collective equal pay could necessitate policy reforms that

many of those affected might perceive as “*anti-women*” rather than “*pro-women*.” Second, it raises the question of whether the principle of collective equal pay is, in fact, a goal capable of garnering broad-based approval at all.

However, there is no need to stop at this point. Properly understood, an upstream argument is not necessarily the final step of the analysis. Rather, it can serve as a starting point—indeed, as a *launching pad*—for developing further suggestions aimed at rationalizing political discourse.

I now introduce two additional arguments, both of which can again be characterized as “downstream.” These arguments, however, operate at two distinct levels. I begin with a second-order downstream argument, indicated by Roman numerals.

- I Men and women should be individually equal in terms of human rights and human dignity.
- IIa It is part of human dignity to be able to lead one’s life according to one’s own viewpoints (= preferences).
- IIb Different viewpoints (= preferences) regarding one’s own lifestyle can be reflected in different wages.
- III **In cases of doubt, the principle of collective equal pay should take second place to the moral desideratum of equal human rights and human dignity.**

This second-order downstream argument is followed by a first-order downstream argument, for which I again use Arabic numerals.

- Δ1 In cases of doubt, the principle of collective equal pay should take second place to the moral desideratum of equal human rights and human dignity.
- Δ2a It is part of human dignity to be able to lead one’s life according to one’s own viewpoints (= preferences).
- Δ2b Different viewpoints (= preferences) regarding one’s own lifestyle can be reflected in different wages.
- Δ2c The intra-family allocation of care work between men and women follows social norms that are partly based on traditional stereotypes and partly on different preferences. Therefore, an equal allocation, which would indeed reduce the gender pay gap, would run counter to the interests of many women.
- Δ3 The idea of distributing care work within the family equally between men and women goes beyond the goal of meaningful advancement of women.

Let me first examine the *formal structure* of this line of reasoning. I begin with an overarching normative premise that can reasonably be assumed to command general agreement (I). From there, I formulate two positive premises (IIa and IIb) and derive a new conclusion (III). This completes the *second-order* downstream argument.

Next, I shift to a different level and construct a *first-order* downstream argument. The key point is that the normative conclusion (III) from the previous step now serves as a new normative premise: (III) = (Δ1). By combining this premise with the positive premises (Δ2a, Δ2b, and Δ2c), a new conclusion (Δ3) is logically derived. This conclusion (Δ3) replaces the original conclusion (3) from the initial EPD argument. Figure AIII-2 provides an overview of the entire procedure, illustrating the four steps (a) through (d).

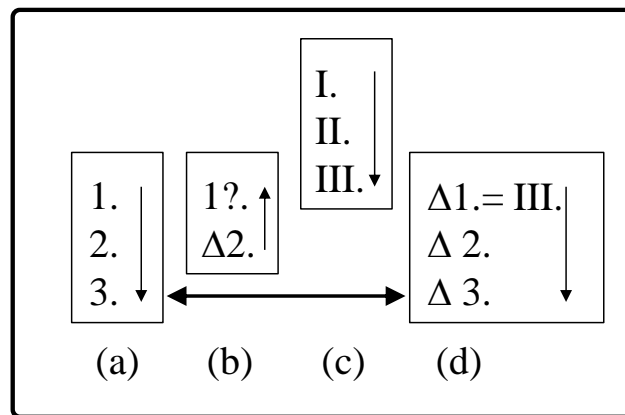


Figure AIII-2: Overview of the procedure of Methodological Instrumentalism, using multi-level practical syllogisms for combining upstream and two downstream arguments – own presentation

I now turn to the *substantive* considerations:

- The literature provides extensive evidence that, on average, men and women have different interests—women tend to prefer working with people, while men tend to prefer working with technology. This is also reflected in empirical data: in Germany, the proportion of women training for a STEM profession in 2022 was the same as in 2017, namely 10.8% (Destatis 2023b). By contrast, in 2022, 86.6% of those successfully completing final examinations for primary-school teaching were women (Destatis 2023c).
- This preference pattern appears in other areas of German statistics as well. For example: “In 2022, 39.7% of mothers with at least one child under the age of three living in the household were in employment. The proportion of fathers with at least one child under the age of three was 89.6 percent.” (BMFSFJ 2023b)
- The same pattern is evident in average working hours per week among mixed-gender couples with at least one child under three years of age in the household: “In 2022, fathers worked an average of 21.9 hours more than mothers in Germany.” (BMFSFJ 2023b)
- Figure AIII-3 illustrates that, even after the introduction of parental allowance (“Elterngeld”), mothers continue to provide a disproportionately larger share of childcare for very young children.

Against this background, there is strong empirical reason to warn that the EPD goal—although intended as *pro-women*—may in fact have *anti-women* effects by *conflating ends and means*. The appropriate goal should be to better accommodate the authentic preferences of women (and men), rather than sacrificing these preferences to a politically imposed quota that disregards how citizens actually wish to live their lives.

It is important to emphasize that Methodological Instrumentalism does not arbitrarily impose goals from above. Instead, it takes as its starting point what citizens themselves consider normatively desirable and morally important. It then examines whether public discourse contains evident errors that can be corrected through scientific insight. The ultimate aim is to constructively foster societal learning processes—by providing orientation for discursive processes of collective self-understanding about the goals and means of democratic politics.

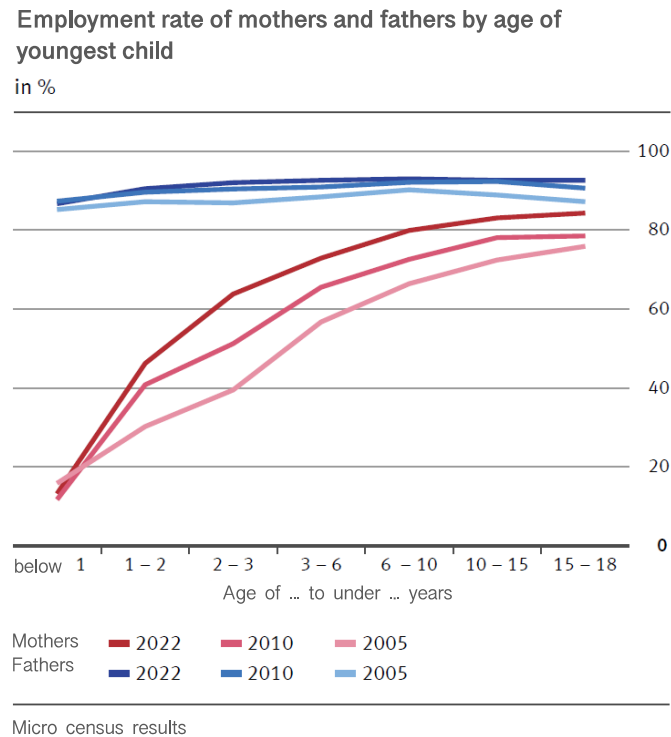


Figure AIII-3: Mothers of young children stay home more often than fathers –
Source: Keller and Körner (2023; Fig. 3, p. 93)

4. On the heuristic potential of Methodological Instrumentalism

Methodological Instrumentalism seeks to systematically integrate *positive* and *normative* analysis in order to offer a robust *heuristic* for conducting constructive discussions that avoid contentious value judgments. In doing so, it aims to promote societal learning processes on both the positive and normative levels. I will briefly elaborate on this by highlighting four key points.

- Normatively contextualizing positive research opens up *new questions* that highlight the moral and socio-political relevance of theoretical and empirical analyses. For example, it would be highly valuable to understand better to what extent the allocation of care work is shaped by traditional stereotypes—stereotypes that can and perhaps should be changed—and to what extent it reflects the genuine life aspirations of women (and men) beyond a strict 50:50 parity model.
- Challenging normative premises in light of positive research can trigger *moral learning processes* and help disentangle goals from means. For instance, while opening STEM professions to women is clearly desirable and should be encouraged and incentivized, it is questionable to compel women to meet certain quotas against their will. Doing so risks confusing goals with means and ignoring the possibility that policies aimed at gender equality—intended to improve women’s positions—may unintentionally disadvantage them.
- From a *normative* standpoint, syllogistic reconstructions highlight—and raise awareness of—the fact that the principle of collective equal pay between men and women (as groups) can *conflict* with key moral desiderata of human rights and human dignity as they apply to individuals.

- Syllogistic reconstructions offer a *heuristic potential*. They point toward the reform idea that the costs of promoting a better work-life balance should not be borne unilaterally by companies. Competitive markets already provide strong incentives to pay equal wages for equal work. At the same time, these pressures ensure that young mothers—and increasingly young fathers—face wage penalties when they generate additional costs for employers. Anyone serious about creating a more family-friendly work-life balance should therefore consider whether taxpayers should bear more of the costs of gender equality. Existing regulations should also be critically reassessed. In Germany, for example, the so-called spousal splitting (“Ehegattensplitting”) in taxation incentivizes a traditional gendered division of labor: when there is a pay gap between men and women, men receive a stronger incentive and women a weaker one to increase their work effort—both in quantity and in quality.

Methodological Instrumentalism focuses on systematically generating arguments that can convincingly address both society and academia. It does so by developing arguments about alternative means to achieve a broadly acceptable goal (“downstream”) as well as arguments about alternative goals that serve a generally acceptable overarching aim (“upstream”).

Final remark: In crafting such convincing arguments that are tailored to relevant audiences, this methodological approach aligns with three major traditions of thought:

- It follows Max Weber’s postulate of freedom from contentious value judgments (Weber 1922/1988), emphasizing that academic discourse should avoid controversial value claims.
- It is consistent with Karl Popper’s critical rationalism (Popper 1969), which holds that every element of an argument must remain open to fundamental criticism.
- It resonates with John Rawls’ political liberalism (Rawls 1988; Rawls 1993), affirming that in a modern society marked by reasonable pluralism, there must be a primacy of the right over the good.

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