

Locating Ordonomics

Reply to Ingo Pies' Commentary “Taking or Locating Responsibility? An Ordonomic Perspective” in *zfwu* 17/1

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1. Introduction

Ingo Pies (2016b) provides an engaging review of our article “Locating Responsibility” (see Kolmar/Beschorner 2016), published in one of the past issues of the *zfwu*. In his thoughtful comments, he discusses our suggestion of a multi-level approach in economic ethics against the background of his own ideas of “ordonomics”, which is an alternative conceptual framework that allows to get a grip on the different analytical levels that are potentially relevant in order to address theoretical as well as very practical ethical issues. This discussion makes both similarities as well as differences between “locating responsibility” and “ordonomics” visible and seems therefore fruitful to elaborate on some crucial aspects on the relationship between business, economics, and ethics. We would like to thank Prof. Pies for his involvement and commitment in this discussion.

In this reply to Ingo Pies’ review we will – for the sake of simplicity and to hopefully stimulate further discussion – focus on misunderstandings and disagreements rather than on the significant common ground between the two different approaches.

While we are aware that there are many remaining issues in our “Locating Responsibility” paper that need to be addressed in future research, we want also to point to some of the issues that we are having with “ordonomics” and that, *ex negativo*, shed some light on the deeper reasons why we have developed the “locating responsibility” approach. Our arguments unfold around a common theme: There is no and there will be no convincing concept of economic ethics that is merely based on the paradigm of *homo oeconomicus* as it is commonly used. In a more positive and a more constructive manner: From our perspective, “ordonomics” would need to develop a more complex theory of individual wellbeing and action as well as the inter-relationship between individual and society to be able to tackle the relationships and the interactions between the different levels of “games, meta-games, and meta-meta-games” (which are at the heart of “ordonomics”) in a more convincing way.

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2. On Coase

Our first remark is a minor clarification. Pies argues that we

“maintain that transaction costs matter, an insight pioneered by Ronald Coase. In contrast, the ordonomic approach emphasizes another contribution by Coase, which the authors leave unmentioned. Judged by the ordonomic research interest in discrepancies between social structures and semantics, a major achievement that belongs to the intellectual legacy of Ronald Coase (1960: 2) is to deconstruct the still popular (and still misleading) causation principle, which tends to identify offender-victim relationships, whereas in reality “[w]e are dealing with a problem of a reciprocal nature.” (p. 151)

Indeed, we leave this important insight by Coase unmentioned in the paper, but not because we think it is not valid, but because we do not need it for our arguments. A short look at, for example Breyer and Kolmar (2014 [2001]: pp. 232), clarifies the issue, because it has a rather lengthy discussion of the implications of the fallacious idea that externalities are caused by a specific person. We leave this unmentioned because it is trivial, and almost no economist gets this wrong. The causation principle can be reconstructed as a *normative principle*, a narrative template that helps to solve the problem of externalities, and a functional culture disposes of narratives that do so in a transaction-costs minimizing way.

3. Actions and Actors

A second misunderstanding regards our definition of states or organizations. Pies writes: “On the other hand, their model addresses states and organizations only as rules, not as actors. This is a serious shortcoming.” (p. 149) This is not correct and it is unclear how this could be concluded from our paper. It is rather the ordonomic approach that conceptualizes society as a game, which necessarily implies that institutions are *rules of the game*. This is the so-called mechanism-design or outside-enforcer view of institutions (see Hafer 2000; Kolmar 2005) with all its strengths and weaknesses. Our approach allows for what we call “bottom-up causality” where institutions are interpreted as the stable behavioral patterns of the individuals (or organizations) that together form a group or society. Given that we elaborate in quite some detail on this aspect of our theory in the paper, it is surprising to find the following passage in Pies’ review:

“Looking at it the other way round, i.e. bottom-up, there are important feedback mechanisms from lower to higher levels without which societal learning processes could not succeed.” (p. 150)

What can we say? Exactly!

On the contrary, conceptualizing institutions merely as rules of a game – what is done in at least in traditional ordonomic thinking – is much more prone to this type of criticism, which is important because it relates back to the ontological status of institutions in the different theories. If you think of society as a game, the rules of the game are something that comes from the outside (even in meta-games where players have “rules” as strategies, there must be meta-rules that define this game).

4. Normativity

There is a third misunderstanding concerning the general purpose of our approach. Pies makes clear that “the ordonomic approach aims at generating positive analyses that inform and improve normativity.” “In contrast,” Pies writes, we would

“advocate a transaction cost approach in order to recommend ‘on what societal levels responsibility should be located’ [...] Would it not be appropriate (and advisable) to start with a strictly positive analysis that aims at explaining empirically observable responsibility assignments before one normatively tries to improve already existing assignments via (re)locating responsibilities?” (p. 151)

As stated in our article, we are attempting to provide a conceptual framework that allows a (positive) analysis of a given societal context. Based on our extended transaction-cost approach, the analysis allows us *then* to give normative recommendations regarding the transaction-costs minimizing location of responsibility. That is it, and we assume this is very much in line with ordonomics as Pies’ (2016a) response to us illustrates:

“[es wäre ein] grundlegendes Missverständnis, wenn man diese Rational-Choice-Modelle – oder die für diese Modellfamilie übliche Sammelbezeichnung „homo oeconomicus“ – mit der Quelle von Normativität verwechselt würde. Für die Ordonomik ist die Quelle von Normativität allein das gemeinsame Wollen der Bürgerinnen und Bürger.”

In addition, it is important to note again that even if we do buy into any clear-cut dichotomy between positive and the normative science (which we do not (see for example Putnam 2004)), we are not doing justificatory ethical reasoning of any kind – a remark which seems to be necessary because the term “normative” is and can be used in several different ways. With our approach alone we cannot decide whether or not human rights, climate protection, or the equality between men and women are normatively justified claims.

Already in the title of his commentary, Ingo Pies asks us whether our approach is about “taking or locating responsibility?” Pies clarifies this question by asking:

“is the category of transaction cost well suited for making sure that (re)locating responsibilities does not in fact normatively overstrain the relevant persons that are expected to take responsibility?” (p. 152)

Indeed, we think it is. And we also think that the difference between “taking” and “locating” is insofar not relevant for our approach as the “can” is an integrated part of our approach (especially represented in O2 = moral capabilities).

5. What is a Game?

An adequate starting point for a critique of “new ordonomics” is the underlying assumption to think of the nature of social interaction exclusively as a game (add as many “metas” as you like). To clarify our unease with the exclusivity of this focus it is necessary to remind the reader of the concept of a *game as used in game theory*. We will refer to the easier to define class of so-called normal-form games to make our point, but extensive-form games suffer from the same conceptual limitations. A *normal-form*

game consists of a set of players, strategy sets for each player, an outcome function that is a mapping from the Cartesian product of individual strategy sets onto some set of outcomes, and individual evaluations of these outcomes (usually given by exogenous preference relations or expected-utility functions that map outcomes onto the set of real numbers). In order to solve a game, two further ingredients are necessary, a *decision theory* that allows making predictions about individual behavior (usually the assumptions that individuals maximize their utility) and a *solution concept* that defines conditions for the consistency of the different individuals' behavior (usually Nash equilibria).

Why do we feel that it is necessary to recapitulate elementary game theory? Because the concept of a game (at least in the sense of game theory) is not arbitrarily versatile, and a precise understanding of the ontological and epistemological commitments underlying any attempt to interpret some aspect of social reality as a game (as it is done in "new ordconomics") becomes possible only we have a precise understanding of what we are talking about.

(1) The assumption that there is a given set of players seems innocuous at first, but it is far from that if a game becomes a fable (see Rubinstein 2012) for the whole of social reality because it does not allow to include future generations and the dependence of the number and identity of players on the behavior of others. (2) It is not difficult to assign and control strategies if we conduct experiments in the laboratory. The existence of a given set of strategies, becomes, however, highly problematic from an epistemic point of view if a game is used as a metaphor for social reality. (3) A similar problem lurks behind the corner when one starts thinking about the assumption that the consequences of individual behavior can be described by some set of potential consequences plus the causal rules that link strategies with outcomes. It is epistemically extremely demanding to justify this claim (see Lenman 2000). (4) The assumption of exogenous preferences is the most problematic and at the same time normatively relevant assumption in game theory. Neither evolutionary biology nor psychology nor neuroscience nor behavioral economics support the view that individuals have consistent, exogenous preferences over outcomes. From an evolutionary perspective, our emotions and narratives are mechanisms that allow us to dynamically adapt into an environment, not in evolutionary time, but within the lifespan of single individuals. (5) Standard normal-form games allow for only a limited number of problem structures, cooperation problems (unique equilibrium is inefficient), coordination problems (multiple equilibria exist), and no problems (unique equilibrium is efficient). If one allows for extensive-form games, commitment problems enter the picture as well.

These problem structures are great as heuristics to think about certain aspects of reality in bold terms, but they are also highly problematic from a philosophy of science perspective. For example if a situation is correctly described as a prisoner's dilemma (PD), there is nothing we can do about the inefficiency. In order to discuss "solutions" to a PD, one has to embed the game in a larger game. If this larger game is a PD as well, we are back to where we started. If it is a no-problem game, we have to wonder how one ends up in a PD-subgame in the first place. If it is a coordination problem, we have to discuss how society has managed to get stuck in an inefficient equilibrium and how it can coordinate expectations to reach a more efficient one. So, in the end, from an epistemic point of view the PD turns out to be a highly problem-

atic metaphor for our perception of society. But coordination games are not much better, because we are lacking a convincing theory of equilibrium selection.

Using game theory to gain a better understanding of certain (restricted) aspects of our social and biological reality is wonderful and proved to be extremely fruitful. However, when applied to society at large, the above discussion should have made clear that the implicit assumptions and limitations of the concept of a game overburden the approach.

Moreover, Pies also mentions that what might be called “new ordconomics” also allows for feedback loops that have been discussed in several strands of the neoclassical literature on political economy and information economics:

“However, the ordonomic approach also identifies two dysfunctional feedback mechanisms: (a) actors in the basic game can try to short-circuit transparent feedback via rent-seeking [...], and (b) actors in the meta game can try to short-circuit transparent feedback via information manipulation [...].”
(p. 150)

This is very laudable, but from a theoretical point of view it is unclear how it can be integrated into the meta-meta-game-framework that is the methodological backbone of “new ordconomics”. It is possible to model institutional change as a game (see Kolmar 2008), but this ceases to be feasible if we take the meta-meta-game approach as a serious constraint of game theory. *If we allow for this flexibility, “new ordconomics” boils down to game theory.* From our reading of the current status of the approach, two things are necessary to make it a convincing case. First, “new ordconomics” has to precisely explain how it relates to the theory of non-cooperative games. Is it broader, is it more limited, or is it the same? And second, if it is not the same as game theory, what are the theoretical underpinnings that allow for a consistent argumentative framework?

6. Win-Win-Wonderland?

Closely related to this point is Pies’ win-win-orientation. The author writes:

“The systematic focus of the ordonomic approach is to identify, reconstruct, deconstruct and overcome those dimensions of moral discourses that end up in a tradeoff perception of value conflicts. Such a perception implicitly assumes a zero sum game. In many cases, it is possible to prevail over this assumption by showing that in fact the game underlying the perceived conflict is of a positive sum nature.” (p. 151)

This is first of all an *empirical* conjecture. Looking into the ordonomic literature we found it hard to identify studies that empirically test this claim and identify situations where these win-win situations exist. In its present state, it remains either an unsupported claim or a conceptual way of thinking. However, in the latter case, ordconomics cannot claim a monopoly on this concept because understanding the logic of social interactions is the main business of a number of social sciences, among them economics. Furthermore, if there are mutual gains, why don’t people get it? A constructive approach would be to first identify these win-win-situations and then explain why people get stuck realizing them. And how can this be realized without an appropriate concept of transaction costs? In addition: How about the zero-sum situations that without doubt also exist? These are the only ones where serious ethical problems

come into play. To argue that enlightened (in whatever sense) self-interest transforms a situation of conflict into a situation of harmony is a magic wand that defines the problem away.

7. Parochial Altruism versus Extended Kinship

Pies (see 2016a; 2016b) mentions Becker (see 1993) as his chief witness for the structure of the sense of morality in human beings:

“Following the line of argumentation pioneered by Gary Becker (1981), the ordonomic approach expects individuals (= natural persons) to behave rather altruistically in a family context and comparatively selfishly in a market context. Furthermore, again following Gary Becker (1993), the ordonomic approach reconstructs the individual formation of a moral character as the accumulation of human capital, especially during the early years of family and small-group socialization.” (p. 152)

This choice surprised us because recent findings in empirical moral philosophy, psychology, neuroscience or anthropology paint a much richer picture of the complex motivational attitudes of human beings, see for example Davidson 2013, Graziano 2013, LeDoux 2015, Pessoa 2013, and Rolls 2014. But more importantly, the picture that becomes visible when you have a look at these findings differs in important respects from Becker’s sketch. The extended kinship model from evolutionary biology was pretty *en vogue* when Becker wrote his paper, but this is no longer the case. For example, we apparently have an emotional bias towards something that is called parochial altruism (see Rusch/Böhm/Herrmann 2016), but this gut feeling interacts in a complex way with our narratives and reasons. If the specific structure of individual morality plays an important role in the theory (which we guess it does, because otherwise it would not make sense that Pies brings it up), ordconomics should not remain unscrutinized if it builds its view of the relationship between individuals and society on such limited theories.

8. From outside to inside enforcement

There is a long debate in ethics about the demands of morality implicit in utilitarian or more generally consequentialist thinking. The argument is that people are cognitively and motivationally overburdened if they try to meet the moral obligations (see Sinnott-Armstrong 2015). Ordconomics presents a variation of this general debate:

“The ordonomic analysis of the responsibility semantics and the recommendation of a new category called “ordo responsibility” (Beckmann/Pies 2008) is driven by the concern to strictly avoid overstraining actors normatively. Ultra posse nemo obligatur. That ought implies can is true and important for both natural and artificial persons alike. The core idea is to distinguish between the moves and rules of a game and to argue that if changing one’s moves in a given game runs against the vital self-interest of a person, it might not be asking too much to expect her engagement for changing the rules of the game.” (p. 151)

Rawls (see 1971) makes a similar point when he develops his idea of justice as fairness that is reflected in the institutional structure of a society, and the point has a lot of

prima-facie plausibility. But as so often in real life, the consequence is not the other extreme, but a middle way. And this middle way has to – for empirical as well as methodological reasons – depend on a realistic anthropology. Let us explain.

Methodologically, institutions have to be enacted and enforced by human beings. It is an artifact of the institutions-as-rules-of-a-game type of thinking that lets one forget this simple fact. But if it is a human being who is – in the end – responsible for the institutions there is no way around the fact that we have to rely on his ability and willingness to act morally. Orwell (1945) made this point very clear:

“The law is no protection. Governments make laws, but whether they are carried out, and how the police behave, depends on the general temper in the country. If large numbers of people are interested in freedom of speech, there will be freedom of speech, even if the law forbids it; if public opinion is sluggish, inconvenient minorities will be persecuted, even if laws exist to protect them.”

Rawls tries to work around this problem by assuming a veil of ignorance behind which individuals decide in accordance with the moral principles of society. But if you put this metaphor into its proper context – the reflective equilibrium – one sees that it relies on the “moral literacy” of the people. Two arguments result from this observation. First it shows that something like transaction-costs must be lurking behind the veil because if the individuals are in principle willing and able to act morally, the only reason to delegate this responsibility to abstract institutions can be that it economizes on transaction costs. (And we fully agree with this view.) Second it raises serious issues about the adequate anthropology that we refer to when we try to understand the moral capabilities of human beings. This is a potentially very long discussion, and to make things short we refer in our paper to virtue ethics as an illustrative example (see Kolmar/Beschorner 2016, p. 142). From a virtue-ethics point of view people must learn what it means to act in a morally responsible way. It is like dancing tango: you have to practice (with others) to become a master. But if this is a correct description of human nature, it is dangerous to exempt people from the responsibility to act in a morally responsible way in their daily lives. Acting according to the rules is different from acting morally in a more comprehensive way. The extended transaction-costs approach allows it to integrate these concerns by allowing a new perspective on the tradeoffs involved.

9. Morality (and the homo oeconomicus)

Pies is not satisfied with how we include an “Aristotelian” version of virtue ethics into our approach (pp. 152). We do not think that Aristotle’s views on the development of virtues (as habit formation) and the role of the state are inconsistent. Most of the specific comments made by Pies in this respect are difficult to interpret as a critique of our approach because the questions that he raises are exactly the positions that we share. Here is one example. Pies asks: *“Do they perhaps underestimate that – especially young – people need good rules in order to acquire good habits?”* (Accentuation by the authors, p. 153) No, on the contrary, this is a very relevant point in most virtue ethics, but it is very hard to make this point if you exclusively conceptualize society as a game. The empirically supported ability of human beings to habitualize moral norms and other types of

behavior opens the door for the transaction-costs approach that we advocate because it allows to perceive that a relevant tradeoff exists: the development of moral virtues has opportunity costs.

One can in principle construct a game-theoretic model that is part of a theory where even habit formation etc. becomes an element of an overarching mechanism-design problem (if this is what Pies has in mind). In this sense, a planner who has perfect knowledge about human psychology and everything else would be able to design “rules of the game” that lead to the perfect balance between virtues and institutions. This perspective makes the rules-of-the-game paradigm the necessary epistemic default: there is simply no other way to think about the problem, *everything is institutional design*. Beside other troublesome aspects, the problem is of course that two conditions must be fulfilled: (i) no epistemic uncertainty of whatever kind exists and (ii) the planner is either benevolent by definition (whatever this means) or “outside of the game”.

We assume that we can agree upon the fact that from an epistemic point of view, the future is most likely an open process, and there are very good reasons to take epistemic uncertainty serious. Indeed, after decades of Bayesian hegemony this insight seems to slowly sink into the mainstream of economics. Consequently, with epistemic uncertainty the design approach is very hard to justify.

We do not doubt that institutions matter, of course they do. However, analyzing and solving moral problems merely by means of institutional design fails. Consequently, this necessitates (i) to bring back in the idea of (moral) actions (of individuals or organizations) and (ii) to discuss the interplay between actions and institutions. This is basically the story we are telling in our theory.

In contrast, the concept of ordconomics still seems to be stuck in a somewhat traditional institutional approach that exclusively focuses on the idea of incentive mechanisms. Why is that so? We think the limitations of ordconomics are strongly related to its foundation on a concept of homo oeconomicus (HO). To make no mistake, Pies does not use an anthropological interpretation of HO, nor does he introduce it as a theory of action, but as a “social theory” that determines the “logic of the situation” (see Pies 2000: 15; Pies 2010). However, it is difficult to see how such an approach can conceptualize ideas like “morality of actors”, “virtues”, “value rationality”, or “personal moral dispositions” because it is deeply embedded in the economic tradition to leave motives for actions unscrutinized. In fact, the HO can only ask what consequences are good for him, not what kind of person he would like to be. Hence, the only scope for cooperation is in win-win-situations for given preferences (see Pies 2000: 25).

But moral reasoning is about motives and justifications and the complicated human journey to live a meaningful life. The institutions-as-incentives approach wants too much and too little from human beings at the same time. It wants too much because it assumes that they have a perfect *ex-ante* idea about their lives that can be summarized by a preference relation. And it wants too little because it degrades human beings to “algorithms” that simply follow the incentives provided by whomever. The HO perspective cannot even conceptualize what moral capabilities mean, not to mention how to foster them in the complex interaction between individual human beings, culture, and formal institutions. In other words, and as stated earlier in this text, there is no

and there will be no convincing concept of economic ethics that is merely based on the methodological concept of the *homo oeconomicus*.

On the one hand, Pies seems to acknowledge these problems of ordconomics, on the other hand he is not willing to tackle them theoretically. His approach, Pies (2016a) stresses, “[dient] (nur!) zur sozialstrukturellen Analyse (von Steuerungsproblemen)”. Socially relevant phenomena such as virtues, identity, or moral learning are either added by following Gary S. Becker's suggestion to conceptualize these dimensions as “human capitals” (Pies 2000: 25; Pies 2016a), or they are included *ad hoc* from outside the conceptual framework of ordconomics (see below).

In more constructive terms, ordconomics could substantially profit from a more nuanced and richer foundation of a theory of action, as, for example, suggested elsewhere (see Beschorner 2013). The HO-approach is too shallow to carry the justificatory burden of a theory of economic ethics that has something like the idea of human flourishing at its core. Pies (2000, pp. 24) draws on some ideas by Victor Vanberg (1988; 1998) who suggested including “moral dispositions” into economic theory, which might have some potential. We have pointed towards some potentially interesting developments in psychology and neuroscience (to mention only a few) in this text.

Pies (2016a) acknowledges the relevance of this body of literature:

“Wollte man das hier implizit zugrunde liegende Menschenbild explizieren, so wäre auf das umfangreiche Schrifttum zur neueren empirischen Moralforschung zu verweisen, die sich aus verschiedenen wissenschaftlichen Subdisziplinen speist – also auf Beiträge der Evolutionsbiologie und Primatenforschung, der Hirnforschung und der Psychologie einschließlich der experimentellen Ökonomik. In diesen Literaturen wird ein Bild des Menschen gezeichnet, das zunehmend an Konturen gewinnt [...]. Deshalb fährt die Ordonomik das Programm einer prinzipiell wechselseitigen Anpassung zwischen der Ordnung des Denkens und der Ordnung des Handelns.”

This sounds promising but so far the question remains how the relationship between motives, actions, and institutions can be conceptualized within the ordonomic framework.

10. Society, Meta-Meta Games, and Public Discourse Failure

In ordconomics, a richer social theory that goes beyond the narrow HO-perspective seems not only necessary to capture the interplay between – in Pies' words – the basic game and the meta game, but is even more relevant on the level of the so-called meta-meta games where actors “*discuss their problems and possible solutions, thus forming normative expectations*” (Accentuation by the authors, p. 149). Pies et al. (2009: 379) characterize the meta-meta game as follows:

“‘semantics’ is comprised of the terminology of public discourse and the underlying thought categories that determine how people perceive, describe, and evaluate social interactions and, in particular, social conflicts. Semantics is driven by conscious or unconscious theories, or, in the terms of others, our ‘searchlights’ (Popper 1972), ‘heuristics’ (Lakatos 1978), ‘paradigms’ (Kuhn 1962), or ‘mental models’ (Denzau and North 1994). Semantics shapes perceptions and is therefore highly influential in (re-)forming institutional arrangements of social structure.”

We have already mentioned the conceptual problems of integrating these ideas in the language of game theory. However, we agree with the authors that introducing a societal dimension of some kind into economics ethics is of crucial relevance. Pies correctly points towards the similarities between his meta-meta game metaphor and our levels L0 (speech-acts) and L1 (norms), two elements we have not discussed in greater detail in our paper but that, in a way, have been dealt with in other contributions under the term “cultural business ethics” (see for example Beschorner 2013; 2015a; 2015b; Pfriem 2016; Beschorner/Hübscher 2017).

We are wondering how orconomics deals with the societal level in specific applications. How – more precisely with which kinds of theories – is it possible to gain insight into the functioning of concepts like “mindsets”, “ideas”, “discourses”, “initiating dialogue and participating”, “corporate culture of open discourse”, “multi-stakeholder dialogue or a business roundtable” etc. – all terms that are used in Pies et al. (2009)? The concept of meta-meta games relies on a theoretical approach beyond the concept of an economic game that is not yet developed in orconomics.

Let us illustrate the importance of a fully worked-out concept of meta-meta games. In recent years, Pies (see for example 2015) has introduced the concept of “discourse failure” that he identifies, for example, in the societal debate about the effects of food-speculation or the debate on minimum wages. According to this view, a failure of societal discourse implies that democratic mechanisms fail to get the institutional (incentive) framework right, which then leads to market failure. Hence, we end-up with non-internalized externalities.

This line of argumentation must be subject to scrutiny because it is of normative relevance: What are the oronomic criteria that characterize a discourse as a failed discourse? A closer look at the argument reveals its implicit normativity: It is assumed that agents who are participating in the foundational discourse are ill-informed about the “true” economic mechanisms linking institutions and outcomes (see *ibid.*). This, however, is not necessarily the case. It might well be that the economic consequences of, for example minimum wages, are mutually agreed upon, but that there are differences in the underlying value judgements; some might argue that people should be able to make their living if they work 40 hours a week, others might disagree.

Given the ontological subjectivity of the social world and the many debates among economists about the “correct” theory that explains a specific phenomenon, arguing that disagreement exists because people are ill-informed about the “true” economic mechanisms is a bold conjecture indeed. This idea is even more surprising if one realizes that it puts the standard rationale on its head. Sen (see 1970) distinguishes between basic and nonbasic value judgments. Basic value judgments *only depend on first ethical principles*, whereas nonbasic value judgments are an amalgam of first principles and positive theories. The distinction between basic and nonbasic value judgments is important for political debates, because it is possible to debate about positive statements. The claim that lower tax rates increase investments, which in turn increase national income, can be empirically tested. So people can, in principle, settle disputes about positive statements in such a discourse.

Identifying failures in public discourse by the standard of some economic theory is inappropriate and potentially dangerous because it may border on ideology. Pies' logic seems to be: first the market, then politics, then the public.

11. Ontology

A useful side effect of contrasting our approach with “new ordconomics” is that it allows to pin down some of the implicit ontological assumptions underlying ordconomics. Here is one example. Pies writes:

“Another crucial distinction refers to the methodical status of these two models. Kolmar and Beschorner present their model as an ontological portrayal. In contrast, the ordonomic model is used in a strictly schematic (= constructivist) way that is open to diverse applications.” (p. 149)

This position is hard to accept because modern philosophy of science and meta-ontology makes the point that any theory is necessarily (maybe implicitly) based on what is called an *ontological commitment*. Bricker (2014) defines it in the following way:

“Theories have truth conditions. These truth conditions tell us how the world must be in order for the theory to be true; they make demands on the world. Sometimes, perhaps always, they demand of the world that certain entities or kinds of entity exist. The ontological commitments of a theory, then, are just the entities or kinds of entity that must exist in order for the theory to be true.”

For a given theory it might be complicated to become aware of its ontological commitment, but the more important point is that any theory necessarily has an ontological basis, like it or not. The concept of ontological commitment is very fruitful for scientific discourses because it makes it necessary to focus attention on the ontological premises explicit or implicit in a theory (see Dietrich/List 2016 for a good example in economics) and therefore allows for a substantive critique of theories from a philosophy of science perspective.

12. Further Research Perspectives

Even if this comment may appear as if we would like to contribute to an “us-versus-them” thinking by pointing towards the limitations and weaknesses of ordconomics, this would be a misunderstanding. We think that it is of utmost importance in the field of economic ethics to develop theories that are at the same time sufficiently precise to allow to identify their potential and limitations, as well as sufficiently rich to allow for a convincing concept of humanity and human (and eventually also non-human) flourishing, because this is what should be at the heart of ethics. Probably we will never be able to fulfill both demands, but an open discourse about the strengths and weaknesses of the different approaches may allow it to get closer to this point.

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