Re-envisioning Economics with Substantive Meaning: A Paradigm Shift from Economic Growth to the Good Life by Sebastian Berger & Julien-François Gerber

1. Introduction

One of the most controversial questions of our times is whether economic growth can delivera good life for all while staying within the biophysical limits of our planet. A rising number of scientists and citizens think that this will not be the case, and that "prosperity" must be re-conceptualized and de-linked from GDP growth (Jackson, 2017; Rosa and Henning, 2017). This chapter contributes to such a post-growth agenda by re-evaluating the relationship between growth and the "good life" in economics. We find this particularly relevant to the COVID-19 era characterized by recession and a re-booting of economies based on health and safety needs of human beings. The pandemic has indeed demonstrated the vulnerabilities of our neoliberal economies, but it also offers a unique potential for transformations at different levels (Büscher et al., 2021). In this context, this chapter seeks to introduce *substantive economics* as a theoretical foundation for restructuring our economies towards "the good life beyond growth".

Our goal is to revisit and elaborate on an enduring debate – that between formalism and substantivism – with fresh insights derived from new materials and drawing connections between different fields of knowledge and literatures. The distinction between the "substantive" and "formal" meaning of economy has indeed run throughout the history of social and economic thought under different names and foci (Berger, 2017; 2008). The debate started perhaps with Aristotle's famous distinction between *oikonomia*, the study of the wise management of the "household" or community, and *chrematistike*, the art of making money. It appeared again, at least in part, in the opposition between Physiocracy and Mercantilism. While the latter focused on monetary wealth, accumulation of gold, and the balance of trade, the Physiocrats argued that the wealth of nations primarily derives not from gold but from a Natural Order that we had to understand in order to live in harmony with it (Meek, 1962). There is also a hint of the distinction between substantivism and formalism in Karl Marx's distinction between use and exchange values (Marx, 1981). Exchange value constitutes the bedrock of a commodity's price, while use value is the way in which something meets human needs. In 1920, Max Weber first applied these terms to economic issues: formal rationality refers to the degree in which economic decisions can be calculated in monetary terms (consistent with firms' capital accounting standards) while substantive rationality refers to the degree in which needs are met through economic activity. A few years later, Karl Polanyi and K. William Kapp expanded the distinction (Berger, 2008): for them, economics is "substantive" when it "tak[es] its departure from man's actual needs and his dependence upon and interaction with his natural and social environment" (Kapp, 1954: 207). We will explore the full potential of this development in more detail below, but to avoid any misunderstandings, we would like to add here that we regard the task as re-embedding formal rationality within a substantive rationality.

Furthermore, substantive economics should not be understood as purely inductive or as somehow "anti-abstraction" or "anti-quantification" (we here agree with Spash 2019).[1]

The chapter is organized as follows. After a brief critique of the purely formal rationality underlying GDP growth we contend that substantive rationality can provide a theoretical foundation for a post-growth and human need-oriented economy, i.e. the "good life". We start from the first principles of Kapp's synthesis of philosophic anthropology and systems theory, that is, the bio-cultural openness of the human being and the corresponding open-system character of the economy[2]. (Kapp, 1961; 1976; 2015, Berger in press) We then tease out the richer meaning of openness through the hermeneutics of Martin Heidegger via the work of Giorgio Agamben (2002). This combination of approaches enables us to bring into the open the richer meaning of the substantive economy and substantive rationality intuited by Polanyi as the future task for theory formation. The final section presents empirical examples of contemporary economies that reflect a substantively rational economy.

2. Critiquing the formal rationality of GDP growth

Our current era has been called the Great Acceleration. Since 1950, the world's population has tripled, global GDP has increased tenfold, and adverse impacts upon the biosphere have dramatically accelerated (Steffen et al., 2018). In the meantime, economic growth has shown no sign of absolutely decoupling from resource use and ecological impacts, even after decades of environmental policies (Jackson and Victor, 2019). At the root of these problems – we argue – lies the formal approach to economics. Nowhere is the latter clearer than in the well-known Kuznets curve narrative. This narrative acknowledges that inequalities or ecological destruction will increase during the initial stages of development, but it posits their resolution thanks to accrued GDP growth. Such narratives epitomize formalist approaches to economics because they implicitly assume: (i) that GDP can ultimately compensate for any social and ecological costs (weak sustainability, reversibility); (ii) that any kind of GDP growth is always eventually beneficial (quantity over quality); (iii) that our world is fundamentally predictable (mechanical epistemology, no uncertainty); (iv) that monetary valuation is applicable in every setting (universality); and (v) that power relations are negligible (apolitical assumptions).

Unfortunately, contrary to the prediction of the environmental Kuznets curve, no country has to date experienced an absolute reduction in material use while growing (taking trade into account) and no trends indicate that this will occur anytime soon (Hickel and Kallis, 2019). *It is therefore highly improbable to envisage effective climate mitigation scenarios that involve growth* (Kallis et al., 2018). Furthermore, the relationships between growth and well-being are complex and open to debate. In industrialized countries, the increase in self-reported well-being

[1] Addressing this common critique against substantivism, Gerber and Scheidel (2018) argued that socio-metabolic analyses (which are highly quantitative and theoretical) can offer a substantive foundation to socio-ecological economics. However, we agree with Spash (2019) that some of Gerber and Scheidel's (2018) formulations are not as clear as they could be and thus, perhaps, misleading.

[2] For the significance of open system approach as a characteristic of heterodox economics see the conclusions of Mearman et al. (2019).

typically stagnated somewhere between 1950 and 1970, or even turned into a negative trend, despite a steady growth in GDP since then (Layard, 2005). Good levels of well-being are achieved by countries such as Cuba and Costa Rica at a fraction of the output, energy and resource use of countries like the USA or the UK. However, even these lower levels of resource use could not be extended to the entire world over the long-term. *No country currently satisfies social well-being standards while staying within its share of planetary boundaries* (O'Neill et al., 2018). But nothing indicates that this is an impossible goal. What is needed, then, is some radical changes in our conceptions of "prosperity", "well-being", "development", or "progress", and therefore also in economic theory.

3. Post-growth and need-based economics as examples of substantive rationality

Ecological economists have been quick to understand this and the post-growth research area has become one of the major contributions of ecological economics. It is also a key element distinguishing (heterodox) ecological economics from (neoclassical) environmental economics. One first measure for moving "beyond growth" consists in abolishing GDP and replacing it with better indicators for guiding an economy's trajectory. This move is endorsed by many conventional economists (e.g. Stiglitz et al., 2009). A second measure, more radical but essential, consists not only in seeking better indicators, but also alternative institutions which – to paraphrase Kapp's abovementioned quote – would be rooted in human needs and in their interrelation with ecological, social and psychological contexts. Such a re-rooting of our economic systems implies a departure from the current global model of westernized growth-driven societies based on formal rationality. We call this approach "post-growth" (Gerber and Raina, 2018). Post-growth, for us, includes various growth-critical currents such as degrowth, agrowth, steady-state economics and post-development. Among them, degrowth and post-development stand out as the clearest moves towards a substantive rationality and we will concentrate on them here.[3]

Degrowth is an emerging research field and a social movement that aims at shrinking unnecessary economic activity while reorganizing societies around human and nonhuman flourishing (Kallis et al., 2018; Gerber, 2020). As people work and consume less, they have more time for community, creative work, and other non-monetary pursuits. Degrowth argues that our colossal and unequal global metabolism requires a radical resizing and reorganization. A diversity of sustainable and egalitarian "human economies" becomes the guiding image for building alternatives. Degrowth thus goes beyond the ecological and distributional critique of growth and includes a broader reflection on what constitutes an existentially meaningful mode of coexisting on the planet. Its answer has to do with notions like sharing, commoning, caring, horizontality, conviviality and simplicity. These ideas are old and have roots in many parts of the world.[4] But as a slogan in social movements, the word "degrowth" was first used in France

[3] Agrowth is agnostic about growth: welfare and sustainable targets should be carefully defined and whether these targets require growth in GDP is seen as irrelevant (van den Bergh, 2011). Steady-state economics, for its part, promotes non-growing societies based on a stable material and energy throughput (Daly, 2018).

[4] The word "degrowth" was first used in the modern sense in 1972 by André Gorz (Demaria et al., 2013), but one could look for older related concepts. The term "post-industrialism", for example, was coined in 1914 by

in the early 2000s and it then rapidly spread elsewhere. It became a focus of scientific research at the end of the same decade. Early degrowth scholars have been particularly influenced by the work of Nicholas Georgescu-Roegen and K.W. Kapp, as well as by the critique of capitalist modernity, as in the works of authors like Erich Fromm, Herbert Marcuse and Cornelius Castoriadis.

The critique of "development" seen not as a liberation process, but as the continuation of western capitalist hegemony, was another key influence behind degrowth. The works of Arturo Escobar, Ivan Illich or Vandana Shiva were here influential (Kothari et al., 2019). Born around 1980, the movement argues that the developed/underdeveloped dichotomy entails a problematic value judgment on societies or sectors seen as "backward". For these authors, the idea of development strongly relates to particular values, norms and ideological preconceptions that are often unconscious. For them, a western middle-class lifestyle and all that goes with it (e.g. mass consumption, private property) is neither a realistic nor a necessarily desirable goal for the world's population. Instead of uncritically "modernizing", the objective should be to promote critical pluralism and democracy in how social change is to take place. There are several orientations within this field – we will mention two examples. Firstly, a number of culturally-specific conceptions of the "good life" have been mobilized as guiding principles for socioeconomic change. Examples include *Buen Vivir* in the Andean region, *Ubuntu* in Southern Africa, *Swaraj* in India, *Kyosei* in Japan or *Tri Hita Karana* in Bali. These philosophies might offer culturally-meaningful foundations for building economies around substantive principles. Secondly, various types of solidarity or community economies already function on substantive rather than purely formal forms of rationality and would very well fall into the post-development framework (Gibson-Graham et al., 2013).

All these various currents of post-growth can also be regarded as complementary, depending on the contexts and the periods. They all reject GDP growth as a useful indicator and aim instead at enhancing human well-being and ecological conditions through questioning the formal rationality of growth-centric economies. They argue that the targets of public policies and grassroots organizing should be the sustainable satisfaction of human and nonhuman needs. Of course, these targets must be the object of a careful collective deliberation: what are our "true" needs? True needs for whom? How can we distinguish true needs from market propaganda or "false consciousness"? These are fundamental questions that we will explore in more detail in section 4.

For the moment, let us expand a little on the relationship between growth and well-being. An assumption held by many ecological economists is that income and well-being are linked at low income levels, but that after a certain threshold they start to diverge (Layard, 2005). This important result of well-being economics has often been mobilized by post-growth advocates. Regrettably, however, it has also contributed to deter any exploration of post-growth ideas for

Ceylonese philosopher Ananda Coomaraswamy (Marien, 1977). Going much further, Latouche (2016) argued that Lao Tzu (6th c. BC) is an early proponent of degrowth in his defence of simplicity and autonomy, his refusal of the superfluous, and his critique of existing power.

the global South. This is unfortunate because an approach to development based on formal rationality and focusing on income growth omits many other crucial factors for a "good life". Large-scale studies on low-income groups in developing countries are only beginning to substantiate this point. Reyes-García et al. (2016), for example, analyzed a sample of 6973 rural low-income households in 23 developing countries and found that their overall levels of subjective well-being resemble levels found in other global samples with higher income. In addition, their findings suggest that income is one factor among others (e.g. autonomy, competence, relatedness) in leading to well-being. Furthermore, the authors found that the association between income and well-being diminishes once they are controlled for income comparisons – to oneself in the past (adaptation) and to others (social comparison). It is well-known that the effects of social comparison can be larger than the effects of absolute income. This explains why people may not generally get "happier" as their societies get richer but also more unequal.

Much of the literature on the "good life" can be divided into two broad camps based on what is meant by the good life (Ryan and Deci, 2017): on one hand, formal rationality tends to support *hedonic* approaches that emphasize positive emotions and subjective life satisfaction; on the other hand, substantive rationality can be associated with *eudaimonic* approaches that recognize immaterial needs, moral values, self-realization, underlining the process of living well rather than its outcome in terms of positive affect. In this chapter as well as in most of the post-growth literature, we understand the "good life" in this second, substantive and eudaimonic sense. Here, the good life has a subjective dimension, but it is also more than a purely private and subjective affair. Basic requirements of well-being can be defined independently of individual perceptions and cultural contexts (more in section 5). Together with several post-growth theorists (Büchs and Koch, 2017), we are not particularly interested in subjective well-being studies. Rather, we promote a return to (substantive) need-based approaches for guiding socioeconomic flourishing. But before returning to human need in section 5, we explore the hermeneutic and philosophical-anthropological foundations of the "good life".

4. The good life

Bio-cultural human being

Our way of thinking about economy as the "good life" takes departure from K. William Kapp's *new scientific and rational humanism* as a basis for substantive economic rationality (Kapp, 1985). On the one hand, this humanism is in the tradition of ancient, Medieval and Renaissance humanisms that tied the "good life" to the premise that knowledge of society is part of ethics and concepts of human being (Kapp, 1961: 134-5). On the other hand, it is new insofar as it adopts a *scientific* (substantive-empirical) approach befitting the era of modern science and technology, which has added new perils for human life and the satisfaction of existential needs but also new insights regarding human beings. Consequently, Kapp's starting point of this approach is the bio-cultural openness of human being derived from the empirical insights of

philosophical anthropology.[5] To our knowledge, Kapp is the only economist to have worked out the consequences of this particular understanding of human being for a *substantive* economic rationality. His conceptualization provides insights and connections, opens potentials, and raises issues that differ from and seem to go beyond other theories of human needs that hold currency in economics.[6] To underscore the significance of this contribution we just refer here to Peter Sloterdijk's recent judgment that philosophical anthropology – the field of knowledge that seeks to unify the findings of multiple disciplines in their effort to understand human nature – is an intellectual reserve for getting out of the impasses of our time. (Sloterdijk, 2017)

Because the notions of the good life and the good society depend on our understanding of human being, we ask: what is the Human? In the tradition of philosophical anthropology[7] Kapp (1961) distinguishes three levels of organization, inorganic, organic, and social/cultural. Each new level unfolds out of the previous level over time with increasing complexity such that the most complex level incorporates the lower levels, although not in their entirety. That is, the organic consists of specific inorganic compounds, whereas the societal/cultural level evolves within a unique biological organism. This is a continuum view that allows no fundamental external split between the human being and his biology, i.e. the organic life and soma of human nature. Hence it is important to understand all levels as different yet continuous and internal to human beings. But what is the condition of living organisms that set them apart from inanimate matter? It is the fact that they are open thermodynamic systems. Their thermodynamic openness allows them to transform matter and energy from low into high entropy, thus creating and maintaining a thermodynamic disequilibrium and complex structure called life.[8] While all organisms, including human nature, are characterized in this way, we need to ask: what sets human being apart? How are we to think the anthropological difference between the Human and the non-human openness?

Kapp's treatment of this question of human being starts from highlighting the uniqueness of the human organism, that is, his premature birth and plasticity. Human nature as the organic biological structure within the Human is thus born unfinished, without a fixed instinct hierarchy, whose relationship with his natural environment is thus neither fixed nor pre-determined as in other animals/organisms, but open. This condition necessitates the development of culture, language, abstract thought, and symbolic representation within the

[5] We show how Kapp's approach deflects the common criticisms regarding philosophical anthropology's alleged limitations, i.e. "universalism without cultural specificity" and "lack of separation between facts and norms".
[6] Cf. We disagree with recent commentators that A. Sen's capabilities approach represents an advance over Kapp's insights due to offering a "meta-metric". (cf. Neves 2017: 11) We hold that metrics is not the primary goal or criterion for the truth content of a theory of human being and needs. The capabilities approach differs from Kapp's conceptualization of the *bio-cultural* openness of human being and thus does not allow for the insights developed in this article.
[7] Kapp foremost references Arnold Gehlen's "Der Mensch, seine Natur und Stellung in der Welt" (1950).
[8] Kapp draws here on the insights of the biologist and systems theoretician Ludwig von Bertalanffy and the physicist Erwin Schroedinger.

noetic subsystem of society. This becomes an existential "tool" responding to the human need[9] for survival and safety as preconditions for the culturally specific actualization of the latent potentialities of universal human nature (organic biological structure). This cultural "tool" is interrelated with other exo-somatic tools, forming the technological nexus of human being. The healthy "normal" development of human beings is equivalent to satisfying the need for actualizing latent potentials through (cultural) technologies. Psychopathology arises and can even become wide-spread or "normal" when latent potentialities are thwarded by a cultural milieu. Kapp conceptualizes this as *bio-cultural* human being: the pre-mature birth and plasticity of the human organism make for the dual openness towards culture and nature. This bio-cultural openness of human being allows Kapp (1976; 2015; 1961) to characterize the development process of the human economy as an open system that is interrelated with and dependent upon balanced states of the natural and social environment.

World-forming openness vs world-poor openness

How does this bio-cultural human openness differ from the openness of organic life while being continuous with it in the sense of an emergent or evolutionary property? Agamben (2002) brings this difficult question of the anthropological difference closer to an answer by returning to Heidegger's hermeneutic response to the scientific challenge of Jakob Johann von Uexküll's cybernetics of life and bio-semiotics (for this discussion see Agamben 2002, chapters 10, 11). Uexküll coined the term "environment" ("Umwelt" literally "surrounding word") to describe the animal's subjective realm, which is a subset of the objective surrounding space ("Umgebung"). In this sense the animal is open to parts of the surrounding space as it has an environment outside of itself. It is drawn outside of itself by its "disinhibitors", which dis-conceal the outer space for it.

We here follow Agamben's account of Heidegger's insight that the animal does not see its environment *as* something (that is, its being) but is completely captivated or taken by it ("benommen"). This prevents it from positing itself over and against ("verhalten") its environment, thus barring it from understanding its being-quality. In this way, the specific openness of the animal is a closedness, an "un-dis-concealedness", where that which is dis-concealed by the disinhibitors is not understood as something but merely experienced as total capitivation. The animal's openness to his surrounding world is thus "poor in world". That is, the animal's openness is characterized by a deficiency, a deficit or partial withdrawal of world ("entbehren"). This allows for the possibility of the animal experiencing its captivation as a lacking. Being is thus introduced negatively into the animal as its withholding: a withholding of apprehension. Animal does not stand within a potentiality of revelation ("Offenbarkeit") of beings. Neither its so-called environment nor the animal itself are revealed as beings (Agamben 2002; ch. 12, 49-56).

[9] For this conceptualization of self-actualization as a human need Kapp references mainly humanist psychologists Kurt Goldstein's "The Organism" (1934) and Abraham Maslow's "Motivation and Personality" (1954).

This differs from the openness of the Human, which is "world-forming" because its environment reveals itself as something, allowing human being to posit itself over and against it, letting it be and holding its being in the mind. Humans are not merely born like other animals but come into the world. This is possible because the Human dwells in the open (das Offene), which is the ontological condition and location that allows an opening up or coming into the open in the sense of something revealing itself ("Offenbarkeit"). The open is understood as the un-concealed (A-letheia), issuing forth from a concealed (lethe): "The open in which every being is freed is being itself". (Agamben 2002, 70) From these insights Agamben infers that for the human being the concealed is that part of (his) nature, which is in a state of world poverty akin to that of animals. Thus, it is arguably the nature within and through human nature that constitutes its source of non-knowledge that holds the Human captive in the open. The open is thus a way to also see the concealed (closed). The open makes us realize the non-open (concealed or closed) because the latter is essencing forth (German: "west") or presencing in the un-concealed (open). This kind of captivation where the open allows human being to see its own closedness differs from the animal's captivation, which is open in an un-dis-concealment, which does not dis-conceal as being the thing that captivates it. The animal remains excluded from the strife between un-concealment and concealment. The mystic knows about his non-knowledge and concealment. Yet, the "poverty-in-world" understanding ensures a continuum from animal in captivation to the open, instead of positing a gulf between them. Agamben concludes: "Homo sapiens, then, is neither a clearly defined species nor a substance; it is, rather, a machine or device for producing the recognition of the human." (Agamben 2002, p. 26). In this perspective we need the non-human to recognize what is the distinctly Human. We fill the void between the Human and non-human through understanding of that which I am but what is concealed from me. Agamben argues that this addresses the problem of previous humanisms that conceptualized the Human as something and nothing, as neither heaven nor earth but suspended between them. (Agamben 2002, ch. 8) Willfully trying to totally humanize biology through "cultural" technologies detaches us from human nature's latent potentialities as our true source, thus falling into a state of oblivion where we become captive to technology. The open is thus a location in the sense of realm or sphere with a presencing and issuing-forth quality that permits human being to understand being in a strife between concealment and un-concealment, that is, a struggle *with* Truth.

5. Principles of substantive economics for the good life

The substantive meaning of economy as scientific-rational humanism

Karl Polanyi had deemed the substantive meaning of economy as replete with unrealized potential beyond the definitions given by Max Weber and Carl Menger (Berger 2008). But what exactly did he have in mind? We argue here that above account of the bio-culturally open human economy answers to Polanyi's two tasks for substantive economics: to identify "the place economies occupy in different societies" and "the minimum elements required for the concept of economy [as an instituted process]" (Polanyi in Berger 2008) Polanyi had wished Kapp "success" for his intellectual project (i.e. Kapp 1961). Kapp understood the latter as consistent with Polanyi "substantive" economics and adopted his definition of the substantive

problem of "[human being's] interaction with and dependence on his natural and cultural environment must be the point of departure and the goal of integrated social inquiry" [10]. (Kapp 1961, 198)

Based on the combined insights from hermeneutics and philosophical anthropology we can more precisely determine the sphere of this substantive problem of the "bio-cultural human economy" as opposed to a mere "bio-economy". As we saw above the biophysical level the economic process is entropic in the sense that it transforms matter and energy from low into high entropy[11]. Above sketch of Heidegger's hermeneutics understands the biotic organisms' openness to its environment as "world-poor", providing the crucial distinction to the "world-forming" openness of the Human. This allows us to ground in thinking the substantive problem of the bio-culturally open human economy as deliberating and directing the process that brings the Human into the open (un-concealing) from the latent (concealed) potential within its unfinished yet highly plastic biological organism. In other words, the substantive economy unfolds the Human where and when we hold ourselves open to the concealed by struggling *with* Truth[12].

This combination of empirical and transcendental[13] understandings of the bio-culturally open human economy is consistent with Kapp's self-reflexive argument for an integrated and humanized social knowledge[14] because the latter is rooted in the empirical concept of the bio-culturally open human being to "transcend the horizon of contemporary civilization."[15] Kapp characterizes this way of knowing as substantive[16], obtained from a low level of abstraction that stays close to human experience and social context[17], pre-occupied with dynamic social

[10] Fred Blum (1976) discusses how this formulation is a combination of universalism and contextualism in the sense that the universal bio-cultural openness of human being implies the need to actualize potentials in a specific cultural context. This also implies that Polanyi's challenge to identify the place of economy in different societies draws our attention to "cultural milieu" as the place of "world-forming" openness.
[11] Next to Bertalanffy and Schroedinger, Kapp later also references the work of Nicholas Georgescu-Roegen (1971) on this point.
[12] For the notion that the essence of economy is the struggle with Truth see Berger 2020a.
[13] The transcendental turn (of the apprehender towards his own apparatus for apprehension and local situation of apprehension, i.e. self-reflection) is described by Sloterdijk (2005, 45) as the basis for all anthropological thinking in the tradition of the sciences of human being of the late 18th century.
[14] Given the bio-culturally open human being and the open economic sub-system is interrelated with other sub-systems of society, such as the systems of institutionalized arrangements of procreation and education, politics, and values. This necessitates integrating and humanizing social knowledge. For the concept of "open system" Kapp (1961; 2015) typically references Ludwig Bertalanffy's "General System Theory" (1955). The traditional conceptual apparatus of mainstream economics, meaning neoclassical economics, is found to be inadequate because it is built on the notion of a closed economic system. For the contemporary relevance of the open systems approach as a defining characteristic of heterodox economics see Mearman et al. 2019.
[15] For re-orienting and grounding economic knowledge through a combination of the empirical and transcendental Kapp references this formulation of Horkheimer, which is reflective of his life-long affiliation with the Frankfurt School. (Kapp 1950a, p. 246-7)
[16] Kapp (1961, 194) refers to Karl Polanyi but also to Max Weber's idealtypes and Arthur C. Spiethoff's realtypes drawn from "Gestalt" theory, i.e. the methodology of the last generation of the younger German Historical School. We note here the hermeneutic moment in the formulation of realtypes.
[17] Starting inquiry from context is understood by Kapp (1961, 179) to be in the tradition of John Dewey's philosophy, whose focus on deliberation is viewed as a cornerstone of institutional economics. (Kapp 2011) Heterodox economics' methodology is grounded in the sense of arising from context. (Lee/Cronin 2016)

structure[18], accepting of social indeterminacy and incomplete predictability[19]. His reference to Paul Tillich's "Systematic Theology"[20] (1951) serves to distance himself from formal approaches to knowing and associate himself with those that have *eros*, aiming at word transformation and dealing with historical man. (Kapp 1961, p. 19) The fragmentation, formalization, and de-humanization of social knowledge are opposed because they lead to narrow specialism, careerism, and opportunism associated with totalitarianism, authoritarianism[21], and other forms of social pathology[22]. Yet, Kapp also critiques proposals to integrate social knowledge via poetic intellection, analogies, as well as self-sealing narratives of historical materialism, psychoanalysis, or positivism. For him, they either lack critical analysis or grounding in the empirical concept of the bio-cultural openness of human being.

Bio-culturally open human being is thus not only the empirical-transcendental basis for the substantive meaning of economy but also for *substantive rationality* that is re-envisioned as a *scientific-rational[23] humanism.* (Kapp 2015; 1985; Berger 2017) Based on this substantive approach to social knowledge, economic decision-making can be defined as substantively rational if it aims at preventing and reducing human suffering through sustainable provisioning for human needs. This conforms not only to Immanuel Kant's ethics that that which cannot be exchanged against an equivalent (e.g. human life and health) has no exchange value but absolute value or dignity. (Kapp 1974, 132) It also reflects the ethic of reducing suffering and caring for those in need and despair promulgated by the poet Ernst Wiechert who was Kapp's teacher and friend. (Berger 2017, ch 7) Following this humanitarian ethic in the age of modern technology means to protect human life and health via social and ecological minimum safety standards that are scientifically derived, socially determined, and applied to science and technology. These standards are conceived as critical zones beyond which human suffering will ensue as a result of environmental states that threaten human survival and well-being.

[18] This reflects the view of the open economy as part of society, which as a structural whole is undergoing qualitative transformation under the impact of institutional and technological changes and power struggles between groups of asymmetric power relations. (for more details on Kapp's view of structural transformation see Kapp 2011)

[19] The notion that the economy is open in the sense of its future being unknown (Kapp 1961, 190-3) leads Kapp to propose precautionary and preventative approaches to environmental and technological planning based on substantive social costs calculations (see below section) to guarantee the satisfaction of human needs. (Kapp 2015) This is the constructivist element in Kapp's approach to economic knowledge. Post Keynesian open system approaches also treat knowledge about the future as fundamentally uncertainty where probabilities cannot be calculated due to qualitative structural changes. (Dow/Chick 2005)

[20] This reference to Tillich's "Systematic Theology" is important in this context due to the fundamental agreement between Paul Tillich and Martin Heidegger on the anthropological difference, which further supports the hermeneutic foundation of the bio-culturally open human economy: "human beings alone can raise the question of being and therefor of being-itself." ("Paul Tillich" on Wikipedia [accessed 28.1.2021]: https://en.wikipedia.org/wiki/Paul_Tillich)

[21] Archival research has revealed that Kapp's personal motivation was the understanding of the factors that make human beings what they are in the context of the human atrocities caused by the German catastrophe in the 20th century. (Berger 2020b) While Kapp identifies the socialization of costs as one of the triggers for and expression of evil human propensities, he also views it as interrelated with the problem of social knowledge (Kapp 1950), making his substantive approach all the more important to prevent or reduce human suffering.

[22] Amongst others, Kapp references Erich Fromm's analysis of psychopathology that can become widely spread and normalized. (Kapp 1961, p. 177-178)

[23] To clarify the meaning of this terminology it is helpful to see that Sloterdijk (2005, 43) references Kant as rooting the sublime in the human being's return to itself as a being that defends its dignity by insisting that it is a rational being, which is not reducible to nature.

Substantive economics conceives the human being as bio-culturally open and forming a whole with its natural and social environment, such that the good life and benign environmental states depend on one another. Maintaining minimum standards for social reproduction is thus substantively rational from the perspective of society. Identifying the good life of the individual by asking whether that would also be good for society and humanity as a whole is thus the hallmark of holism in substantive economics. Such a taking into care beings in the whole connects with one of the most ancient sayings of the Occident ("melete to pan") for an understanding and implementation of the good life.

Scientific-rational humanism leashes the empirical facts ("is") of basic human needs within their environmental co-dependence to social-ecological minima as a political norm ("ought") without denying that facts and norms have different origins. Such a substantively rational decision-making regarding safety standards is thus not only rooted in a pre-analytical humanitarian ethic but issues forth from empirical knowledge about basic and objectifiable human needs. In other words, knowledge about human needs in their respective cultures and societies when tied to a humanitarian ethic – emerging from conscience and moral imperatives – allows the formulation of humanitarian goals. The empirical facts regarding objectifiable human needs thus delimit the range of potential social minima, such that in spite of its humanitarian ethic a substantive rationality need not drown in a cacophony of *ethics of conviction* that adopt beliefs uncritically. Rather it is an instrumental rationality based on the *ethics of responsibility* that is open to revising standards and the means to attain them in the light of new facts and problem situations. It is also a deliberative working backwards from qualitative primary criteria (human beings' needs) that emerge in a given problem situation (threats to human survival, health and well-being due to various (technology-induced) environmental dangers) to secondary criteria (minimum standards and the means to attain them) that are heterogeneously quantitative.

Substantive meaning and calculations of social costs in a post-growth economy[24]

Substantive rationality implies a social economy in which economic deliberation and decision-making is socially controlled via minimum standards that secure sustainable social provisioning as a precondition for the good life. Working backwards from the goal of maintaining a minimum of good living conditions requires identifying the socially least costly goal-oriented paths, in the sense of lowest (social) opportunity costs, to achieve social efficiency. Indeed, this is the substantive meaning of economy and requires a concept of social costs consistent with the substantive rationality. The substantive meaning of social costs[25] is thus the gap between existing conditions and the attainment of social minima that guarantee that production occurs in a way that prevents or reduces human suffering. As a precondition for sustainable social provisioning and human need satisfaction[26] this is the substantively

[24] In this section we draw freely on Kapp (2015, ch. 7).
[25] We note here that Kapp's concept of social costs is akin to that of Karl Polanyi's definition of social costs in "Socialist Accounting" (1922, p. 416): "Humanity will only be free when it understands what it must pay for its ideals." This understanding differs from the notion of social costs in the tradition of neoclassical economics.
[26] For Kapp's understanding of human needs and their objectification in social minima see Kapp 2011.

rational definition of the good life. Closing this gap is socially costly but yields the social benefit of achieving sustainable social reproduction (substantive rationality) through the satisfaction of basic human needs. The task for most countries is thus to identify the social costs of achieving material de-growth to stay within planetary boundaries, while guaranteeing the satisfaction of basic human needs as a social benefit.

Due to their substantive nature social costs and social benefits must be calculated in real terms of the potential outputs that yield the desired social benefits and the full-real social costs of production in terms of the foregone uses (full-real social opportunity costs) of the potential and available inputs. In other words, the real-term calculation is not an algorithmic decision-maker yielding a formal optimum (like the market calculus) but an aid in substantively rational deliberation which yields a plurality of possible solutions for a given investment decision.[27] In this process the importance of needs and adequacy of means have to be ranked by decision makers. For example, this can be done by comparing different socially useful effects of goods (without a common denominator) and the amount of labor time necessary to produce them. A more formally optimal solution can be worked out only when additional substantive parameters for inputs and outputs have been stipulated. But this is not a requirement for substantive rationality as efficiency is not defined as producing at lowest market costs but determined in socially evaluating and deciding which and how substantive goals can be achieved with combinations of available means that are least costly to the Human. Considering the technologically-induced complexity in environmental processes, their tipping points and value dimensions, the information requirements for substantive rationality must be centrally coordinated, albeit with local citizen participation. Substantive rationality as an economic deliberation, decision-making and action is thus based on the practical knowledge (techne) inherent in (cultural) technologies regarding human flourishing derived from the actualization of latent potentialities, that is, the satisfaction of basic human needs. This techne is combined with algorithmic knowledge (calculations in-kind to meet human needs).

But, how can this algorithm-techne avoid becoming a pure biopolitics as the total management of biological life (genetic engineering, cyborg economy) that secures the world-less non-open in every domain? The answer lies in the substantive economy that cultivates a sense for the mystery or unknown potential within (human) nature, rather than forcibly managing, modifying, or improving it. Thus, the good life depends on a normative-political deliberation process (based on empirical facts) regarding (cultural) technologies that allow the Human to flourish in the open that is at the same time its own concealed potentiality. The substantive problem is to weigh the (opportunity) costs of allocation decisions to determine the path with the lowest costs to the Human, in the sense of foregone or wasted world-forming potential inherent in human nature. The good life is thus rooted in a bio-cultural human economic process of "world forming" deliberation. Importantly, this is not induced by scarcity of means, but rather a consequence of the open[28]. While there is no denying that in a materially closed

[27] Cf. for this point and the connection to Otto von Neurath's proposal for calculations in-kind see Uebel 2018.
[28] This point is important as Karl Polanyi argued the substantive meaning of economy is not derived from the "scarcity of means" definition of economy. (Berger 2008)

thermodynamic system Earth the arrow of time inherent in the entropy law implies scarcity and irrevocable opportunity cost, this purely bio-economic[29] condition does not define the uniquely *bio-cultural* economy of the Human. Unlike the former, the latter is in the open where the human need for self-actualization is met in a strife between concealed and unconcealed, that is, a struggle with Truth that is not reducible to nature.

Substantive rationality as double movement against world-lessness of formal rationality

Based on above insights we can distinguish the biological organism's world-poor openness and human being's world-forming openness from the world-lessness of the formal rationality of monetary calculations (algorithm). Damages and losses to the Human result from the latter's abuse of human reasoning, or in other words, an oblivion of the open. Kapp argued that formal rationality deprives human being of the ability to distinguish between good and evil. (Kapp 1950b) In other words, the good life cannot be discerned from an evil life as long as human reasoning is reduced to calculations based on monetary market exchange values.

Substantive rationality and economy can thus be interpreted as a "double movement" and "re-embedded economy" in the sense of Polanyi and Kapp (Kapp 1950a; Polanyi 1944). That is, a self-protective response to the human losses arising from the formal rationality of the market calculus. As such it is akin to what Sloterdijk (2013) has dubbed anthropotechnics through immunization strategies in which human beings creatively protect their vulnerable openness through a sense of wholeness[30] or completion by attuning themselves to an aesthetic-authoritative "call from above". However, this whole ("das Ganze") of the Human emerging from, in, and through bio-cultural economy as the strife between un-concealed (the open) and the concealed cannot be produced willfully.[31] Instead, a substantive rationality that aims at immunity towards environmental threats can only guarantee the prevalence of specific minimal preconditions for viable zones of human becoming where spacio-temporal expansion towards the whole[32] becomes less unlikely: the prevention and reduction of human suffering through safe and balanced environmental states (centrally coordinated and collectively agreed socio-ecological standards), meaningful work[33] and a sufficient amount of free time[34] (schole)[35].

[29] We note that Georgescu-Roegen's minimal bio-economic program (1975) contains points that are also essential for a bio-cultural economy. However, the latter's hermeneutic dimension seems to be missing and only implicitly present in the concern for leisure time, safety, viability, prevention of waste, and the admission of human being as spiritually ambitious.

[30] Sloterdijk's (2004; p. 30) spherology traces different notions of the whole from ancient thought to post-modernity. Antiquity and German romanticism associate it with "the best" and "the beautiful" ("*sphaira*" means "perfect beauty")

[31] For an account of the notion of "the whole" in the work of Kapp see Berger (in press).

[32] Sloterdijk (2004, p. 398) deems the discourse on "embeddedness" as dealing with a return to context and expressing a passive yet local solidarity. His list of these conditions differs slightly from ours but is not incompatible: slowness, localism, and context as expressions of incompressibility and asymmetry (2004, p. 413)

[33] Kapp likewise defined a zone where neither overwork nor underemployment prevent need satisfaction. (Kapp 1975) The importance of the appropriate relationship between meaningful work and free time in a simple life has also been pointed out by Kapp's teacher Ernst Wiechert. (Berger 2017, ch. 7)

[34] Georgescu-Roegen (1975) called for an escape from spending time in an infinite regress of building ever more efficient time-saving machines.

[35] The relation between time and truth-bearing practice has been pointed out by Plato. (Genarro 2020)

These pre-conditions permit poetic intellection to midwife senses of the whole into the open and thus ground in thinking the dwelling place of the Human. This is a kind of poetic economy that involves a stillness that holds itself to the highest standard, i.e. a willing of that which is not of willing[36].

6. Substantive economics in practice? Some contemporary candidates

We conclude this chapter with some empirical case studies reflective of substantive economics. The capitalist logic has never been an all-encompassing block, and substantive rationality has always coexisted with formal approaches. The problem arises when formalism dominates the mindset of decision-makers, as it is (still) the case today. The following vignettes intend to show how it is possible to reorganize from GDP growth (formal rationality) to the "good life" (substantive rationality). We are aware that these examples are embryonic and far from problem-free. Our goal is simply to suggest that to apply a substantive rationality is not as utopian as it may sound.

In the global North

The Municipality of Amsterdam has launched a number of initiatives which could be described as exploring a substantive rationality to economic change. It is arguably the first major city in the world that has officially expressed affinity with post-growth ideas and that is currently implementing some of them, albeit still at an embryonic stage. Since 2018, Amsterdam is in the process of putting into practice the "Doughnut model" of economic development, a model proposed by Kate Raworth that bears many similarities with Kapp's substantive economics in the sense that it seeks to stabilize the economy at a sustainable level while ensuring social minima for all and ecological maxima for economic activities as a whole (Raworth, 2017). Accordingly, this model explicitly de-emphasizes GDP growth and prioritizes other social and ecological targets. This approach is currently beginning to be implemented by the Amsterdam Doughnut Coalition, a network of public, private and civil society actors (DEAL, 2020).

But this is not all. Amsterdam has also developed and encouraged various initiatives that seek to enhance grassroots deliberation processes by decentralizing power and supporting the commons. The city plays a leading role in the Fearless Cities network, an international network of "municipalist" city governments created in 2017 in Barcelona (Colau 2019). The team of Fearless City Amsterdam, supported by the municipality, is explicitly interested in exploring and promoting new ideals of the "good life beyond growth" based on alternative well-being indicators (rather than GDP). Interestingly, these ideas positively resonate at the grassroots. To give just one example: more than 500 inhabitants of the Czaar Peter neighborhood are currently building on these efforts to reorganize their neighborhood around the sustainable good life for all. This local initiative has developed a "good life plan" defined as "an integral vision for the future with a focus on happiness, respect for nature, peaceful living together and economic justice" (Manifesto of 22 May 2019). It puts control and ownership issues at the center of its

[36] For the notion of poetic economics see Berger 2017, ch. 7; 2020b.

preoccupations, as well the need for managing key resources as commons and finding alternative indicators to GDP, better able to reflect local needs.

In 2019, the government of New Zealand also started to emphasize a more substantive approach to economic questions. It has launched a pioneering "well-being budget" aimed at long-term life quality instead of short-term GDP growth (Anderson and Mossialos, 2019). The budget prioritizes the transition to a more sustainable economy, the lifting of minorities, the reduction of poverty and support for mental health. Well-being economist Richard Layard wrote that "no other major country has so explicitly adopted well-being as its objective" (*New York Times*, 22 May 2019). The well-being budget starts with €15 billion earmarked for initiatives around the sustainable good life, and the government is now measuring the success of this new budget using its own multi-dimensional indicator. Among the main concerns expressed by observers is the extent to which this approach to sustainability and well-being will remain top-down or if it will be passed on to local control (McKinlay, 2019). Much remains to be done to reach the kind of post-capitalist economy Kapp had in mind when he wrote about substantive economics, but it is likely that much can be learned from the examples of Amsterdam and New Zealand.

In the global South

Bhutan is well-known for trying to avoid – despite a tight dependency on the Indian economy – the negative consequences of neoliberal globalization. Among different initiatives, the government of Bhutan has for example invited prominent (heterodox) ecological economists favorable to post-growth ideas to provide advice on how to strengthen its "new development paradigm" (RGoB, 2013). In a world dominated by governments following a formal rationality to economic development, is Bhutan the only exception? Yes and no. No, because standard formal indicators are used by capitalist businesses in Bhutan as elsewhere, and because the country's GDP has been growing at a fast rate over the past three decades, largely through a series of peaks following important hydroelectric projects (Mitra and Jeong, 2017). At the same time, however, the country has also put in place a number of original policies limiting a formal rationality and seeking to enhance well-being and sustainability. One can cite: free education and healthcare; severe restrictions on foreign investments; no WTO membership; no outdoor advertising; heavy taxes on car imports; limits on mass tourism (and ban on alpinism); limits on mining; half of the country under protected areas; constitutional 60 per cent of forest cover; declared willingness to generalize organic agriculture. Furthermore, Bhutan's economy is significantly planned – through a series of five-year plans – and half of its GDP comes from state-run corporations.

Bhutan has also developed the concept of Gross National Happiness (GNH) which has attracted a lot of attention. GNH was developed after a particularly "unhappy" period of the country's history[37] and today it remains a contested notion. It encompasses different interpretations, more

[37] In the late 1980s, Bhutan's external situation was tense: its debts to India were swelling and India had annexed Sikkim in 1975. Fearing a possible loss of sovereignty, the Bhutanese government sought to reinforce the Buddhist Ngalop identity shared by much of the élite (western Bhutan), to the detriment of other groups in the country,

or less radical. For some Bhutanese, GNH is a loosely-defined "green growth" and a brand name to fit every occasion. For others, GNH is synonymous with the GNH Index, a sophisticated indicator seeking to measure well-being holistically[38] and intended to replace GDP in guiding development policies (Ura et al., 2012). And still for others, albeit a minority, GNH is not just a new indicator but a philosophy of social flourishing integrating outer and inner needs and seeking sufficiency with respect to economic growth – a position that parallels the ideas of post-growth provided it is egalitarian and democratic.

One of the main architects of GNH, Karma Ura, wrote that "it is possible that a GNH state is analytically different from socialist, liberal or free market states. [Our] strategy [is] to take the country from being a late starter in modernization directly to a sustainable society" (Ura, 2005: 1-5). More research is needed to clarify the nature and interactions of formal and substantive rationalities in the ways the Bhutanese economy is understood and run.

7. Conclusion

The notion of the good life hinges on our understanding of human beings in society. Combining the empirical insights of philosophic anthropology with hermeneutics provides the crucial foundation for a substantive approach to social inquiry and knowledge to identify minimal conditions for the good life. Understanding human being as pre-maturely born and in the open makes apparent the need for a substantive rationality that immunizes against harm and permits a prosperous unfolding of human economy within the whole. These substantive economic insights are not only appropriate for addressing some of the massive ecological and socioeconomic challenges of our time; they are also fit for the challenges of the current COVID-19 pandemic, which has put provisioning for human needs at the top of the policy agenda: demands for central coordination of social provisioning for human needs, improvements to public health and safety standards, improvements to elderly-, health- and child-care, the distinction between urgent and less essential needs (cf. the notion of "key workers"), as well as the recalibration of the work-life balance. These are examples of a substantive rationality built on the substantive meaning of economy developed in this article. They chime with the lived reality of the post-growth case studies presented in this article.

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especially the Hindu Lhotshampa minority (southern Bhutan). A violent crisis followed, leading to the eviction of thousands of Lhotshampas out of the country (Phuntsho, 2013).

[38] The GNH Index is based on nine domains – i.e. living standards, education, health, environment, community vitality, time-use, psychological well-being, good governance, and cultural resilience and promotion – measured with 33 fine-tuned indicators. The indicators have sufficiency thresholds which are benchmarks of "how much is enough" for a "good life".

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