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Social economics: an introduction and a view of the field

John B. Davis and Wilfred Dolfsma

The goal of this *Companion to Social Economics* is to highlight the salient themes and leading ideas of contemporary social economics, particularly as they have been broadly developed in recent research, and as they are likely to contribute to and influence social economics and social economic policy in the future. The last two decades have seen a significant increase in social economics scholarship that has built on earlier foundations (cf. Lutz and Lux, 1988; Lutz, 1990a; Waters, 1993; O'Boyle, 2005), taken new directions, and expanded the horizon of social economics. This *Companion* emphasizes these more recent contributions in order to bring together in one place the fundamental themes and variety of approaches that motivate this new work. Social economics, it should be emphasized, has always included a wide range of perspectives and strategies, and indeed many contributors have multiple theoretical orientations and commitments (cf. Dugger, 1977; Lutz, 1990a; Samuels, 1990). This makes a volume such as this one much needed as it not only demonstrates new cross-connections and linkages between often very different types of research, but also makes it possible to see the changing shape of social economic investigation as a whole.

Social economics has two related domains of investigation. Its origins lie in the investigation of the social economy itself, understood as the third sector in mixed market economies distinct from the private and public sectors, and based on voluntary rather than paid, cooperative rather than competitive, and not-for-profit activities carried out within communities, across national economies and internationally. The social economy is variously referred to as the non-profit sector, the *économie sociale*, the *Gemeinwirtschaft*, and the cooperative economy, and has a long history coincident with the rise of market economies and antedating them as well. But social economics has also come to be concerned with the functioning of the mixed market economy as a whole from the perspective of the role that social values and social relationships play in the economy as well as in economics' representation of it. This social perspective is inspired by the original concern of social economics with the social economy, since there social values and social relationships are prominent and dominate

economic values and economic relationships. With regard to the economy as a whole, then, although economic values and relationships occupy the foreground, social economists none the less argue that economic values cannot be separated from social values, and that economic relationships are framed by broader social relationships (DeMartino, 2000; O'Boyle, 2001; van Staveren, 2001; Davis, 2003; Dolfsma, 2004; Finn, 2006). This understanding enables social economists to treat the entire economy as a social economy or to treat the economy as fundamentally social. Social economics in this wider sense investigates the market economy as a social economy; with respect to economics it emphasizes the connection between economics and ethics, where ethics concerns how values are inescapably intertwined with social relationships (Wilber, 1998, 2004). This perspective has clearly motivated social economists to consider the implications for policy of their conceptual and empirical research (Boswell, 1990; O'Boyle, 1996; Figart et al., 2002; Wilber, 1998; DeMartino, 2000). An understanding that everybody needs to be able to provide for themselves has led to a focus on equality and inequality (DeMartino, 2000) and need (Braybrooke, 1987; Doyal and Gough, 1991; Davis and O'Boyle, 1994). Public as well as private organizations can also play their part in promoting equality and meeting needs (Barrett, 2005; Booth, 1998; Ekins and Max-Neef, 1992; Lutz, 1999; Samuels and Miller, 1987; Tomer, 1999; Davis, 2001).

This volume addresses this wider conception of social economics as defined above. Within this broad purview, social economists operate with a variety of strategies of investigation that are interconnected, and which reflect social economics' own development from the investigation of the social economy itself to the investigation of functioning of the mixed market economy as a whole.

First, as befits their original concern with the social economy as a separate cooperative domain within the larger economy, many social economists operate with the concept of boundaries, and ask how the social economy is linked to the market and the state where different principles of organization operate. But just as social economics has broadened its concern to the economy as a whole, the concept of boundaries between domains has been generalized across the economy (Darity and Deshpande, 2003). On this view, the social economic world is made up of a set of relatively distinct domains, each of which operates in a relatively autonomous manner according to principles and values that are characteristic of it. The boundaries between these domains are then where different kinds of human activity come into contact with one another, often creating tensions and conflicts in life and in their (largely) incommensurable discourses that social scientists seek to reconcile. Social economists who work in terms of the concept of domains and boundaries, then, seek to explain cases such as

these by pointing to the role that social values and social relationships play in positioning these boundaries.

A second strategy emphasizes the functioning of the mixed market economy as a whole, de-emphasizing the division of the social economic world into relatively distinct domains with boundaries between them. The focus thus moves to the social values and social relationships that underlie and drive all aspects of the market process. One definition of economics that accordingly many social economists hold is that economics is the science of provisioning (Doyal and Gough, 1991; Golden and Figart, 2000; Figart, 2004; Davis and O'Boyle, 1994). Provisioning is an inherently social activity that concerns how people in society organize themselves to produce and consume the requirements of life. Compare this definition to the standard definition of economics as the science of scarce resource allocation. If economic life is restricted to the science of resource allocation, issues such as inequality, environmental sustainability, power and human dignity are all ignored, though economics is clearly central to their understanding. Social economists consequently argue that the scarce resources definition of economics fails to capture the deeper nature of economic activity as inherently social.

A third strategy builds on these two previous approaches, and supposes that because the mainstream economics conception of the economy as a value-free, natural process has been widely influential in the world today, social economic explanations should employ the method of critique whereby mainstream explanations are shown to produce internal contradictions and conflict with empirical evidence. On this approach, alternative social economic explanations are illuminating when accompanied by a dismantling of mainstream misconceptions about the nature of the economy (Danner, 2002; Etzioni, 1988; Samuels and Miller, 1987; Clary et al., 2006). This critical method is sometimes directed towards the functioning of different domains or types of activity within the economy, and is sometimes directed towards dominant conceptions about the economy as a whole, such as the idea that the economy is simply a market process. In either case, this third strategy assumes that people's beliefs about the economy are central to economic behaviour, and accordingly that social economic explanation entails eliminating false belief systems in economics.

The chapters in this *Companion to Social Economics* draw on and often combine these three strategies of investigation as inherited from the historical evolution of social economics. This distinguishes these chapters from other approaches with which social economics is sometimes compared and confused: socio-economics and the 'new social economics'.

Almost two decades ago Mark Lutz (1990b) took stock of the 'cross-fertilization' and 'mutual cooperation' between social economics and

socio-economics. His characterization of close connections and fruitful exchanges between the two is still valid today, as both 'emphasize the social point of view'. While both social economics and socio-economics emphasize the role of values in the economy, socio-economics takes a more Kantian perspective. Universal, inalienable values subscribed to by rational human beings are proposed in line with a deontological position in ethics (Etzioni, 1988). Moral considerations tend to be perceived of as a constraint or limitation on the economy, and on profit or utility maximization. This entails a rather precise separation between the economy and society, and, as a consequence, also involves the assumption of autonomous human beings. The more precise separation of spheres in society, of the individual and the social, and of considerations that each individual has, means that a more positivistic approach may be discerned (cf. Lutz, 1990b, p. 313). Social embeddedness is less emphasized in socio-economics than it is in social economics. The latter uses the concept of (social) institutions more (cf. Waters, 1990), and discusses mutual shaping of social values, institutions, and individuals and their needs and goals (Dolfsma, 2004). A more integrative approach is adopted (cf. Lutz, 1990b). The association that promotes socio-economics, the Society for the Advancement of Socio-Economics (SASE) advertises itself rightly as an interdisciplinary organization. In recent years, socio-economists have increasingly used insights from biology, in addition to psychology and sociology. The association that promotes social economics, the Association for Social Economics (ASE), presents itself as a pluralistic organization that emphasizes the role of social values and social relationships in economics. Social economists have a variety of additional orientations, including institutionalism, Marxism, feminism, post-Keynesian, Kantianism, solidarism, neo-Schumpeterian, environmentalism and cooperativism.¹

There is also a quite recent literature termed the 'new social economics', which begins with market relationships, and then seeks to add 'non-economic' social content to their analysis (e.g. Durlauf and Young, 2001; Becker and Murphy, 2003; Barrett, 2005). That is, rather than embed the economy in social relationships, these more recent contributions seek to embed social relationships in the market. While some would argue that the ultimate result is the same, social economists in this volume would argue that this more recent approach, in economic imperialist fashion, produces a view of social life as at bottom economic rather than a view of economic life as at bottom social. Further, by beginning with and then enlarging our view of the market process, this new approach casts its explanations in the naturalistic terms that mainstream economists have long used to describe the market process. In contrast, in the long tradition of social economics

dating back at least 200 years (Nitsch, 1990), a prior concern with pre-market and non-market cooperative economic relationships puts the social-value-driven character of these relationships at the forefront. Thus the historical evolution of social economics from the investigation of the domain of the social economy to the investigation of the deep underlying social-value principles that encompass and guide the entire social economy offers a distinctive understanding of social economics.

This *Companion* is thus organized to reflect this specific understanding, and to emphasize the social concerns, social relationships and social contexts that embed the economy, the market and individuals themselves. Most contributors see individuals and social structures as mutually influencing one another, and use this overarching conception as a basis for understanding the economy.² The economy and markets are thus understood in this wider context. But within this framework there are many different perspectives and types of investigation, and thus to assist readers in seeing the common ground and distinct views of the contributors at the same time, each of the ten parts of the volume is preceded by the summaries for the chapters included in that part. This also makes it possible to quickly compare the different parts to the *Companion* to one another, and thus get a summary sense of the overall thinking that the various contributors to the volume have made to social economics.

This *Companion* obviously builds on many earlier contributions to social economics. Indeed, in the last two decades alone there have been many books, not to mention articles appearing in the *Review of Social Economy*, the *Forum for Social Economics*, the *Journal of Socio-Economics*, the *Socio-Economic Review* and the *International Journal of Social Economics*, that have covered issues we are not able to touch upon in this brief introduction. We see the chapters in this *Companion* as adding to this rich tradition, and further extending the investigation of the underlying social value principles that encompass and guide the entire social economy.

Notes

1. O'Boyle (2005) collects 12 of the best articles published in the *Review of Social Economy* from 1944 to 1999.
2. In this sense social values can be said to exist and exert an influence, countering the methodological individualist critique that 'only individual wants, values, and demands and their interaction' can be seen 'outside of the domain of communism' (Schumpeter, 1908-9, p. 4).

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