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Abstract: This chapter explores the evolution and contribution of social economics to modern political economic analysis. It reviews the origins and early history of social economics, discusses more fully recent postwar social economics, and then identifies new themes in social economics' current research agenda. Social economics is distinguished from classical political economy and contemporary neoclassical and mainstream economics – and, indeed, from most other political economic approaches – by its goal of explaining and premising the concept of 'social' in economics. Its main organising principle is that the economy is embedded in human society rather than *vice versa*. Second, the chapter discusses social economists' understanding of economic policy and their views about the relationship between ethics and economics. Their understanding of policy has two main dimensions: (i) the 'moral limits of markets' approach, regarding some domains of social life as 'off limits' to markets; and (ii) the 'taming the market' approach. Third, the chapter moves to key methodological issues, including the social economics critique of the positive-normative distinction of mainstream economics and the positivist view that economics should practice value-neutrality in order to be a science. Fourth, the chapter closes with a discussion of social economics' main normative goals and social values.

Keywords: social economics, *Review of Social Economy,* moral limits of markets, taming the market, value neutrality, human dignity

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This chapter first explores the evolution and contribution of social economics to modern political economic analysis. It first briefly reviews the origins and early history of social economics, discusses more fully recent postwar social economics as it has come to function as a distinct approach within contemporary political economy, and then identifies new themes in social economics' current research agenda. Social economics is distinguished from classical political economy and contemporary neoclassical and mainstream economics – and, indeed, from most other political economic approaches – by its goal of explaining and premising the concept of 'social' in economics. Its main organising principle is that the economy is embedded in human society rather than *vice versa*. Market processes are consequently understood as conditioned by social relationships, with the latter not reducible to economic relations. Thus, human economic behavior involves a wide range of motivations and concerns that cannot be reduced to explanations of market behaviour alone.

Second, the chapter discusses social economists' understanding of economic policy and their views about the relationship between ethics and economics. Both concern the embeddedness relationship between society and markets. Their understanding of policy has two main dimensions: (i) the 'moral limits of markets' approach, regarding some domains of social life as 'off limits' to markets and behavior driven by self-interest; and (ii) the 'taming the market' approach, aiming to use economic policy to improve social well-being by modifying how markets operate in society. Social economists' views of the relationship between ethics and economics include an alternative vision of the place of ethics in economics, and also arguments regarding about how this relation may evolve in an interdisciplinary way in the future.

Third, the chapter moves to key methodological issues, including the social economics critique of the positive-normative distinction of mainstream economics and the positivist view that economics should practice value-neutrality in order to be a science. It reviews the origins of these views in Hume's is-ought distinction and outlines Putnam's 'entanglement' thesis in response to Hume. It then links mainstream positivism to its understanding of the individual seen as *Homo Economicus*, before arguing that the social economics position that economics is value-laden is an important foundation for disciplinary pluralism that differs from other heterodox arguments for pluralism.

Fourth, the chapter closes with a discussion of social economics' main normative goals and social values. It distinguishes three main subjects of investigation in social economics and then identifies three corresponding areas of normative concern for social economists: the nature of well-being, values in economic relationships, and the moral status of the person in economic life.

The origins and historical development of social economics

Social economics as a distinct theoretical approach within political economy has two main connected histories. The first has its origins and initial development in Eighteenth Century European 'third way' cooperative movements – particularly in France, Belgium, Netherlands, Germany, Italy, and Britain, where early modern capitalism was ascendant. The literature arising from these movements grappled with explaining non-market, local types of economic relationships in broad social system terms. The second, more recent history involves the emergence and development of a professional academic social economics society and scholarly journals in the

United States and Canada in the second half of the Twentieth Century through to the new Millennium. The resulting literature focuses on confronting and resisting the market-centric economic analysis that has dominated economics since 1950, while advancing alternative foundations for a more humanistic economics.[1] Post-millennium social economics thought has subsequently taken on new issues, normative concerns and voices, including from outside Europe and North America as capitalism has globalised.

'The first 200 years'

The Eighteenth and Nineteenth Century development of social economics in Europe emerged in connection with investigation of the 'social economy' or what has come to be called the 'third way' or 'third sector' of modern capitalist market economies – the *l' économie sociale*, *Gemeinschaft* or *Sozialoekonomie*. These are understood primarily as associational and cooperative forms of community-based economic activities.[2] The state and market had become the dominant forms of economic activity in emerging capitalist economies. Yet, distinct from and intermediate between these two forms, there also existed a wide variety of different kinds of local economic activity that operated neither in terms of market-driven self-interest nor state-based broad national goals; instead, focusing on advancing local concerns. Early examples were craft and artisan guilds, farmers' cooperatives, and mutual-aid societies. If the market and modern state were distinctive of post-feudal, national capitalist economies, what became the third sector following their emergence also had its antecedents in transitional pre-capitalist economies, as well as in feudalism when most economic activity remained local.

Thus, whereas (classical) political economy developed primarily around the two more dominant forms of economic activity characterising capitalism, social economics simultaneously developed around the third – albeit remaining less widely recognised. Nitsch (1987) distinguishes three strands of social economic thought as it developed in Europe over the next two centuries: secular-positive, secular-normative, and religious-normative. Seeking an alternative conception of economic systems, this literature was often highly philosophical. Nitsch includes as leading early figures Quesnay, J.S. Mill, Sismondi, and Proudhon, and as later influential contributors Walras, Weber, Cassel, Wieser, and Pigou. An important non-European figure in this later tradition was the early-Twentieth Century American J.M. Clark. All criticised, to various degrees, the development of classical political economy along the lines of a natural science following Smith, Ricardo, and others, with its 'mechanical or mechanistic approach' that 'runs in terms of equilibria and gravitational movements' (Nitsch 1990: 74). All adopted as a guiding principle the idea that economic life is based on human relationships and direct association and social interaction between people. Thus, contrary to political economy's epistemology, social values are deemed fundamental in economic life and economics – not only for explanations of local economic activity, but also for comprehending the economy as a whole.

If market- and state-based forms of economic activity are inherently impersonal in-nature, because people interact at 'arm's length' with people they generally do not know, community-based

[1] A special issue of the twelve most influential early papers in the *Review of Social Economy* from 1944 to 1999 appeared in the journal in 2005.

[2] For extensive references to the large historical literature involved, see Nitsch (1987, 1990) and Lutz (1999).

economic activities are inherently more personal, because everyone more-or-less knows everyone else. Recognising this key difference, in turn, entails comprehending the divergent social values informing each economic activity. Markets and the state give precedence to reciprocity, justice, and freedom because these values apply to people irrespective of who they are. Conversely, when communities emphasise social provisioning, mutuality, and dignity, it is because these values apply to people *because* of who they are. If thinking in terms of markets and the state means improving how markets work and compensating people when they fail, respectively, cooperative, community-based economic organisations concern themselves with local needs as determined by fraternal groups, family ties, churches, and craft affiliations.[3]

Social economic thinking, then, still accepts liberal values in its respect and concern for individuals, since communities are also embedded in larger societies and economies. Yet, in conceiving individuals as primarily members of communities, it simultaneously expands the range of social values needed to explain economic life. People are not abstract, atomistic *Homo Economicus* beings, but are who they are by virtue of their places, roles, and positions in particular communities. Early debates among advocates of social economics as a distinctive way of thinking thus focused on the relationships between liberal values and those social values grounded in community relationships between people. These fundamental concerns with value remain important to current social economics, albeit thinking about the social values associated with being part of a community has developed as the character of communities themselves has evolved.

Social economics' twentieth century development

Voluntary, cooperative associations grew and evolved in Europe through the decades that followed World War One, and social economic thought continued to provide conceptual foundations for this movement. However, after 1945, social economics acquired an additional mode of expression and development within a burgeoning U.S. and Canadian academic economics that distanced itself from the newly dominant, market-centric neoclassical approach. It was still influenced by its earlier European origins and association with cooperativism. Indeed, Twentieth Century North America had itself seen considerable growth in cooperative associations.[4] However, an additional source of third way thinking arose in reaction to the post-War U.S. economic profession's turn toward a strong defense of markets.[5] Thus, whereas earlier social economists had seen themselves as offering an alternative to classical political economy, post-War social economists in the U.S. and Canada saw themselves as offering an alternative to U.S. neoclassical economics.[6]

Central to this later development in institutional terms was the formation of a professional association of academic social economists. Initially from American Catholic universities, in 1941 these economists created the Catholic Economic Association (CEA), and founded what became

[3] See the special issue of the *Review of Social Economy* on community (Waters 1984).
[4] See Putnam and Garrett (2020: Ch. 4) for a review of the early twentieth century emergence of these forms in the U.S., many of which have endured to the present. They include: civic organisations, charitable activities, church groups, labor unions, credit unions, women's movements, rural alliances, business and industry trade organisations, fraternal societies, children's clubs, youth movements, and so forth.
[5] Interwar U.S. economics was more mixed in its views of markets and society. Institutional economists had a strong voice and argued for state intervention in the economy (see Rutherford 2011).
[6] For historical reviews of the development of post-War North American social economic thinking, see Waters (1990, 1993) and Lutz (1990)

the leading journal in social economics, the *Review of Social Economy*.[7] From the beginning, however, CEA membership was open to economists with different backgrounds and beliefs and included a diverse variety of theoretical approaches. Catholic social economists advocated solidarism, and drew especially on the writings of the German economist, Heinrich Pesch.[8] Institutional economists in the Veblenian and Ayres traditions were particularly influential, since they emphasised the diversity of institutional arrangements underlying markets.[9] Similarly, Marxist economists demonstrated that class conflict, not economic harmony, was fundamental to the social organisation of capitalist economies.[10] There were also communitarians, Keynesians, Kantians, public policy advocates, and others committed to making ethics central to economics.

Over time, the CEA gradually dissociated itself from its Catholic origins and became an explicitly pluralist organisation. In 1970, at a time of social upheaval in the U.S. associated with the Vietnam War and counter-cultural youth movements, the CEA changed its name to the Association for Social Economics (ASE) to reflect its more diverse nature and actively opened its membership to heterodox economists. Two developments reflected further changes in the ASE in the years approaching the new Millennium.

First, during the 1990s, there was briefly debate within the ASE over whether its pluralism should accommodate neoclassicism. However, that debate died out as most neoclassical economists ultimately left the Association, thus affirming the ASE's rejection of neoclassicism as foundational to social economics. Second, men had long dominated the ASE, with women's importance in economics and the economy concomitantly neglected. Feminist economists, however, began to publish in the *Review* in the late 1980s and 1990s (*eg.* Ferber and Sander 1989; Ferber and Berg 1991; Nelson 1993; Emami 1993; Figart 2005), which further extended the scope of Association social values to include the rejection of patriarchy.[11]

Broadly, then, social justice and human dignity became unifying social values for the diverse range of approaches within the Association, such that social economics could be characterised as a 'humanistic economics' (Lutz and Lux 1988; Lutz 1999) or a 'real-life' economics (Ekins and Max-Neef 1992). Yet, at this stage, little significant attention was accorded to questions of race,[12] nor the significant divide between rich and poor nations in the global economy.

One factor that would eventually begin to influence the latter was the change in how the *Review of Social Economy* was published. From its origins, it had always been self-published by the CEA/ASE. However, in 1995, Routledge commenced publishing the journal and consequently

[7] In 1971, the ASE started a second journal, the *Forum for Social Economics*. A third social economics journal, the *International Journal of Social Economics* was also founded in the U.K. in 1974. See Showler (1974) in the inaugural issue of the latter for a statement of the meaning and content of social economics that characterises it as a 'new' approach with earlier antecedents.
[8] Pesch's famous work was his *Lehrbuch* (Pesch 1905-23; see Mulcahy 1952; Mueller 1977).
[9] For a radical institutionalist expression of this current, see Dugger and Waller (1996).
[10] See the special issues of the *Review of Social Economy* devoted to Marx's thinking (Waters 1979), especially the lead paper by Elliott (1979) and that on analytical Marxism by Elliott and Davis (1989).
[11] One reflection of this change was that the editorial team of the *Review of Social Economy* commencing in 2005 was balanced with two women – Deborah Figart and Martha Starr – and two men – Wilfrid Dolfsma and Robert McMaster. That principle has continued with subsequent editorships of the journal.
[12] Indeed, this continued to be the case until ASE president Stephanie Seguino made stratification economics an ASE conference theme in 2020.

promoted its international circulation (especially through networks of libraries and institutions). If submissions were still slow to come from the developing world, there was nonetheless increasing attention to international development and worldwide poverty. This gradually became a new dimension to social economics, whose origins and history had been framed by countries' domestic economies. I turn below to social economics as a global social economics; but first, in the next section, take stock of social economics as it solidified in the post-War period up to the new Millennium.[13]

Social Economics at the new Millennium

Broadly, three factors united most social economists in the second half of the Twentieth Century , as reflected by what was published in ASE journals, in ASE membership, and in ASE conference presentations.[14]

First, they accept Karl Polanyi's argument that the economy is embedded in human society rather than vice versa (Polanyi 1944; see Stanfield 1989). Markets do not function independently of social relationships and people are not simply self-interested economic agents. The latter do not 'behave or decide as atoms outside a social context, nor do they adhere slavishly to a script written for them by the particular intersection of social categories that they happen to occupy'. Instead, they are 'embedded in concrete, ongoing systems of social relations' (Granovetter 1985: 487).

Second, social economists thus reject the strong version of Chicago School neoclassicism that explicitly reduces social relationships to market relationships, and is built around extending the rational actor model. That view is especially well represented by Gary Becker, who applied this model to non-market domains of social life where it had traditionally not applied – such as his economics of the family, which treats children as investment goods and explains marriage according to comparative advantage (Becker 1981). In contrast, social economists argue that economics needs to prioritise the human person. This implies that the utility maximisation model of individuals as essentially self-interested should be abandoned, and a fuller conception of the person in economic life be developed in its place. Combined with Polanyi's embeddedness view, this involves explaining how individuals are socially embedded beings rather than disembedded, atomistic individuals – a *Homo Socialis* or *Homo Socioeconomicus* rather than *Homo Economicus* (O'Boyle 1998; Danner 2002; Davis 2003).

Third, social economists are also united in rejecting the increasingly strident positivism of post-War mainstream economics. For social economists, economics is inherently value-laden, because it is built around values regarding how economic life contributes to social life. Indeed, the mainstream market-centric view of the economy depends on emphasising certain values and excluding others. Seeing the economy as embedded thus requires economic life be explained in terms of the full range of values operating in society.

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[13] See also the special issue of the *Review of Social Economy* edited by James Henderson devoted to challenges facing social economists in the twenty-first century (Henderson 1993).

[14] It should be noted that the CEA joined the re-organised Allied Social Science Associations (ASSA) in 1951 (Clary 2008) and, accordingly, there is a long history of CEA/ASE conference presentations at the annual ASSA meetings.

Social economics for the Twenty-First Century[15]

While social economics has historically explained economic relationships in terms of how communities organise economic life on a local level, the increasing integration of the world economy has meant that social economists have begun to operate with a more complex understanding of community. On this view, communities can extend across great distances, different cultures, and national boundaries when people see themselves sharing common experiences and circumstances. This has increased the importance of poverty and inequality, as well as sustainability and the environment as important issues for social economists, because these issues particularly affect local communities throughout the world. Communities, then, are still local in regard to people's most immediate and familiar social relationships, but the well-being of people at this level around the world adds a second layer to how community is understood.

Consequently, in addition to more traditional types of community, new types of long-distance community relationships have also emerged between people connected to one another by shared social values. One important manifestation of this particular concern to social economists is the growth and increasing reach of myriad non-profit, non-governmental institutions (NGOs) – such as the International Red Cross, Greenpeace, Médecins Sans Frontières, Save the Children – which have brought together people in NGOs and local populations in a new type of community. If the third sector was formerly associated with national economies, this interaction has produced a new type of international third sector with relationships to markets and states differing from those characterising national third sector organisations.

One prominent example of this new expression of community is a United Nations organisation dedicated to promoting the well-being of the poorest people throughout the world: the United Nations Development Programme (UNDP). This third sector – transcending markets and states – effectively places people from many geographical locations in a single community under the manner of redressing global poverty. Specifically, the Human Development Index (HDI) of the UNDP has made the basic capabilities of people everywhere a matter of international concern, and made it possible to design development strategies oriented toward their improvement. From a social values perspective, this elevates justice and dignity as social values for many social economists due to their universal meaning. A global social economics thus redefines the concept of a community to internationalise the social values inherent in local communities.

Social economic and mainstream economics policies towards markets and the relationship between ethics and economics

There are two primary, interconnected practical issues dividing social economics and most mainstream economics: what policies ought to exist towards markets, and what is the relationship between ethics and economics? The first concerns the nature and status of markets in society; the

[15] The history of social economics since the turn of the millennium is still yet to be written. However, for an integrated review of topics and approaches, see the *Elgar Companion to Social Economics* (Davis and Dolfsma 2015); for four volumes of papers surveying the current state of social economics, see Dolfsma *et al.* (2016); and for a collection of papers specifically on global social economics, see Davis (2009).

second reflects on the nature and status of ethics to an economics primarily formulated around how markets work. Both issues can be understood in terms of whether the economy is embedded in society or society is embedded in the economy.

Policies towards markets

The first issue dates back to the origins of social economic thinking, and is no less important to contemporary social economics For contrast, consider the standard neoclassical view of policies towards markets to which most mainstream economists adhere. If one believes society is embedded in the economy, and that one ought to model social relationships on economic relationships, then one is likely to understand policies towards markets solely in terms what would make the latter operate efficiently. Further, if one believes that all social relationships are ultimately economic relationships, one may also hold that markets operate efficiently most of the time, and that when they do not it is only because an external factor (usually government) has interfered with their operation. Policies towards markets in mainstream economics, therefore, are essentially aimed at freeing markets from social interference. A more moderate mainstream position is that markets themselves sometimes fail on their own, and that policies should additionally be designed to deal with market failure. Still, the goal is to make markets operate efficiently.

Conversely, the social economic view denies that all social relationships are ultimately economic relationships and should be modelled as such. Social economists do not favour the complete elimination of market relationships; instead, positing that society should determine the extent and character of the market. On the one hand, where appropriate, this entails promotion and extension of the distinctive and valuable features of human life characterising non-market social relationships. On the other hand, it means resisting and reversing the erosion of these relationships due to the augmentation of markets.

The social economic view of policies towards markets is, thus, concerned with setting boundaries on markets and influencing how they work. There are two primary ways in which this program has been pursued (see Davis, 2019): (i) the ‘moral limits of markets’ view, and (ii) the ‘taming the market’ view. Both strategies utilise social values that go well beyond mainstream economics’ utilitarian welfarist thinking and employ broader conceptions of human well-being.

The *‘moral limits of markets’* view argues that normative principles cannot be modelled on the logic of market processes, that doing so is often ‘morally repugnant’ (Roth 2007), and that markets often ‘crowd out’ other normative principles. Thus, there are certain domains of social life that should simply be ‘off limits’ to markets. In effect, some things in life are ‘priceless.’

We can distinguish two versions of this view. The first argues that market processes conflict with and are destructive of normative principles. Michael Sandel (2012) has made this argument in holding that there are some things that ‘money can’t buy’ – exemplified by the practice of slavery in directly placing a price on human life, despite most societies regarding this as morally repugnant. Equally, the commodification of life-saving drugs provided by large pharmaceutical companies may price them out of reach for those most needing them. The second variety of this view posits that if we allow that normative principles indeed operate within markets, we should be concerned when these 'crowd out' and preclude other, equally valuable normative principles. For example, one might argue that market processes exhibit commutative justice (justice in exchange), but markets typically do not address distributive justice (socially equitable distributions of goods).

The *'taming the market'* view focusses on how markets themselves work and how they ought to be transformed to be socially acceptable. If the 'off limits' view aims to preserve ethical principles in a distinctive, independent part of human life, this approach aims to make existing markets function in an ethically acceptable way. In order to do so, proponents favour using economic policy: not to make markets work more efficiently according to their own logic, but to modify how they work to serve ethical goals. For example, ensuring that housing is non-discriminatory makes housing markets work in an ethically more acceptable way. Thus, if mainstream accounts of economic policy hold that it should be judged only on the basis of efficiency, the 'taming' view prioritises consideration of which values ought to prevail in markets and in what ways.

Two different strategies may be delineated here: one aims at intervening in how market outcomes are produced (a direct strategy) and the other seeks to change the underlying conditions affecting market outcomes (an indirect strategy). The former employs such interventions as price controls – for example, price floors in the case of minimum wages and price ceilings in the case of rent controls – and also quantity controls, such as when air and water quality is protected by capping industrial pollutants or when regulations in workplaces exist for worker safety. The indirect strategy aims to influence the underlying conditions in particular markets though such measures as taxes and subsidies, along with those conditions affecting markets generally such as public expenditure and production of social goods. In effect, in the direct strategy markets are 'tamed' from within, while the indirect strategy 'tames' them from without. For most social economists, both strategies are motivated by the goals of improving social well-being, reducing the effects of social stratification, promoting equality irrespective of race, gender, sexual orientation, age, and religion, and sustaining democracy.

The relationship between ethics and economics

The second broad issue, the relationship between ethics and economics, is especially associated with the more recent development of social economics in reaction to post-War neoclassical positivism. Social economics has not been alone in addressing the relationship between ethics and economics, since other heterodox economics approaches share this concern – indeed, the status of ethics is a key consideration across the social sciences. Neoclassical positivism is addressed in the next section, while here the focus is placed on, first, what status ethics has in relation to economics and, second, how this relationship has been understood in terms of interdisciplinarity.

Regarding the status of ethics and economics, the post-War professionalisation of science and academic research has sharpened and institutionalised differences between different disciplines, as they have come to possess their own research outlets, social structures, and standards for individual advancement. In practice, this has tended to fragment intellectual work, especially in social science. Working against this is the trend toward greater interconnectedness between different kinds of social scientific investigations, as well as between descriptive and normative economics.

In this context, one method to explain the current distance between ethics and economics is to identify the different roles historically fulfilled by economics, and then argue that increasing specialisation within science has led economics to largely adopt one role to the exclusion of others. Amartya Sen (1987) articulated this form of argument, distinguishing in the history of economics an engineering role concerned with how to achieve one's ends, and a politics and ethics role addressing what ends people seek to achieve. For Sen, mainstream economics has settled almost exclusively on the former, but ought to reincorporate the latter. Others have subsequently elaborated on his plea for economics to adopt a new, broader identity, particularly in connection with the capabilities approach and its deeper conception of the person (see DeMartino 1999; van Staveren 2001; Crespo 2013).

The relationship between ethics and economics may also be explained through examining how different disciplines relate to one another, and recommending alternative relationships between them. In this vein, Mark White (2018) has argued that economics and ethics is a cross-disciplinary field of investigation in which each, as separate disciplines, borrows from the other to serve independent disciplinary goals. Thus, there are actually two economics and ethics fields: one in economics and another in philosophy. Focussing on the former, White argues that because economics itself is divided between mainstream and heterodox approaches, the development of economics and ethics as a field in economics also follows two opposite paths. The path charted by heterodox economists rejects how the mainstream incorporates ethical concepts and normative reasoning into economics. Conversely, the path trailed by mainstream economists – which he labels 'accommodationist' – works to transform those concepts and reasoning so that they accord with the goals of standard theory, thereby distorting them and sustaining a strong divide between economics and philosophy. For White, reappraising the nature of ethical concepts and normative reasoning within economics would change this.

Might the relationship between ethics and economics change in the future? Since the emergence of behavioral, experimental, and other new schools, economics has moved away from its post-War trajectory as a highly autonomous discipline to increasingly draw on other social sciences – a 'mainstream pluralism' (Davis, 2006, 2008). Though there is considerable debate regarding the effects of this on mainstream economics, particularly on rational choice theory, a case can be made that economics will become more interdisciplinary in the future. For social economics, this development is important in that it may move economics toward a more serious appraisal of ethical concepts and normative reasoning, as well as a revaluation of the relationship between ethics and economics. Might the alternative vision of ethics and economics promoted by Sen or the re-appraisal strategy of White provide the more influential pathway forward? The next section turns to some of the main methodological issues that would need to be addressed in each case.

Methodological Issues: Positivism versus 'entanglement'

The 'accommodationist' stance of mainstream economics toward ethics and economics has foundations in the assumption that all social relationships are ultimately economic ones. However, David Hume's (1739) famous thesis that 'ought' statements cannot be derived from 'is' statements also provides the basis for the mainstream's positivist understanding of economics as a value-free science. While Hume's view was about the nature of language, mainstream economics extends it to the nature of science. This is questionable for a number of reasons.

First, economics is also a policy science, so adopting the Hume thesis suggests that there is an unbridgeable gulf between positive and normative economics. The position of mainstream economics is that policy-makers can use the results of economic analysis as they choose and that this analysis implies nothing about what policies ought to be adopted. However, this misrepresents the close connection between economic analysis, formulated in terms of the efficient operation of free, competitive markets, and Pareto efficiency policy recommendations. Contrary to the idea that policy is carried out independently of economic analysis, standard economic analysis implies those Pareto recommendations.

Second, standard economic formulations centred on the behavior of atomistic *Homo Economicus* economic agents reduces all social relationships to isolated interactions between self-regarding individuals. Social economists recognise many types of interaction and relations between people who can be other-regarding, caring, and altruistic, as well as self-regarding. What the purportedly positive economic analysis standard economics does, then, is determine what type of social world people *ought* to occupy – specifically, a neoliberal world – which depends on a particular set of values.

On both counts, the standard economic claim to be value-free science masquerades for its particular value-laden view of the economic world. Simultaneously, while asserting itself to be value-free itself, the mainstream charges that alternative approaches explicit about their value foundations fall short as science because they are value-laden.

Social economists thus argue that not only is economics a value-laden science but, as many have noted (*e.g.* Myrdal 1958; Boulding 1969), a scientific stance towards economic practice requires being explicit about the value assumptions informing one's explanations.[16] That economics is intrinsically value-laden was argued by philosopher Hilary Putnam (2002), based on a critique of Hume's 'is-ought' distinction regarding language. Putnam demonstrated that 'is' statements often contain implicit value claims, so that though they may appear to simply describe the world and avoid value terms, language-users are well aware of these implicit meanings. Rather than being value-free, then, our 'is' statements are often 'entangled' with 'ought' statements. His famous example is: 'The Roman emperor Nero was cruel.' While, on the surface this is a value-free statement, understanding its meaning depends on comprehending the values people associate with 'cruel' as a description of Nero. For Putnam, mainstream economics is consequently highly 'entangled' with values it promotes at the expense of others it suppresses (see Davis 2015).

Social economists seek to make this explicit and open up economics to an examination of the 'entanglement' of values and economic life. This changes the nature of economic analysis itself, since how economists explain economic life differs according to their own 'entanglement' with values. Indeed, social economists' original interest in a third sector of the economy – where people interact in cooperative ways, show trust for one another, and exhibit care toward others – was

[16] In this respect, social economics differs from the socio-economics (see Lutz 1990).

motivated by their belief that the values underlying these activities were important and often neglected or discouraged by the development of capitalism. The same is true of contemporary social economists interested in cooperative relationships in a global world economy.

Furthermore, if we suppose that people are diverse and occupy very different social circumstances, then there also many different value foundations in economics and, correspondingly, myriad ways to conduct economic analysis. This contrasts with the 'one-size-fits-all' approach of mainstream economics, which assumes that people essentially correspond to rational individuals and that there is only one truly 'scientific' economics (thereby implicitly endorsing one set of values). Yet, economics is intrinsically a pluralistic science in virtue of its value-ladenness. Thus, while defenses of pluralism along methodological lines emphasise different theoretical commitments in economics (see Dow 1987), social economics stresses the links between those commitments and different economists' normative allegiances .

The main normative goals and social values of social economics

Three main subjects of investigation in social economics can be distinguished: how economic life supports people's livelihoods, the nature of social relationships in economic settings, and what the person is in economic life. These subjects, in turn, point toward three primary areas of normative concern for social economists: the nature of well-being, values in economic relationships, and the moral status of the person in economic life.

The nature of well-being in economic life

On the Polanyian embeddedness view discussed above, economic life is a means to maintaining and improving people's well-being, not the purpose of life itself. While mainstream economics conceives of economic life in narrow terms as constrained by scarcity, social economists follow a long tradition in economics that frames economic life in terms of abundance (Peach and Dugger 2006; Dugger and Peach 2009). From this perspective, the economy is a means of social provisioning – or a means of producing – not what people can afford, but what they need to live their lives both in and outside markets by drawing on the technologies and level of knowledge historically available at any given time. That is, the economy ought to promote not just better living standards and reduce poverty and inequality, but promote full human flourishing (Figart 2007).

At first glance, this conception of social provisioning may appear no different from mainstream economics' concept of welfare. However, there is a fundamental difference. The latter concept is formulated as the satisfaction of individual preferences, which are defined as isolated individuals' private, subjective tastes. In contrast, the concept of social provisioning is based on comprehending people as social beings whose well-being transcends their private tastes, and includes the nature of their social relationships, concern for others, and their existence in communities in which they live. By comparison, the mainstream welfare concept only calls for markets to work optimally as if people's lives was fully represented by their involvement in markets.

The mainstream representation of welfare in terms of private preferences is also a basis for declaring that economics should be value-free, because these are individual tastes, not social values. As a normative concept, welfare is extremely narrow: essentially limited to the libertarian notion that people should be free to pursue their own goals. This opens the door to malevolent and socially harmful tastes, which the concept of taste as private does not prohibit, and also forecloses encompassing within our understanding of well-being the diverse social values that people share. In contrast, social provisioning potentially encompasses all ideas about well-being and, thus, is able to evolve in what it values as social priorities also change.

It is difficult, then, to state simply what social provisioning means in normative terms. One powerful principle which emphasises the centrality of community suggests that it entails promoting the common good (Lutz 1999), as open-ended as that can be. We might, however, resist searching for a single idea to capture what social provisioning involves if we wish to emphasise that communities themselves determine what they value. Sen (2005) has made this point in resisting Martha Nussbaum's recommendation (2000) that we should identify a specific list of capabilities that together constitute the social good. This is supported by the fact that the HDI used by the UNDP to measure capabilities has changed and evolved since its original adoption to reflect both issues of measurement and developing perceptions of what is socially valuable.

Values in economic relationships

In mainstream economics, the only values exhibited by social relationships are market values because the former are assumed to be ultimately reducible to their market form. For social economists, market relationships are only a subset of broader social relationships, which exhibit a much wider range of social values. For instance, if a key social value promoted by market relationships is economic freedom, or that only an individual is 'free to choose' (Friedman 1962), freedom in a wider social sense also means being free from coercion and compulsion of all kinds, and having the capacity to act freely regardless of one's circumstances. Similarly, while market relationships may promote justice in exchange, or commutative justice, social economics also posits the centrality of distributive and procedural justice – that is, whether resources, well-being, and opportunities in life are fairly and equitably distributed across people. Justice, in this latter sense, is indeed a pre-condition of commutative justice.

Thus, while social interactions in markets are understood in mainstream economics as exchanges between equals, since goods are exchanged at a single price, these 'equal exchanges' can often be unequal when the people involved and their circumstances are asymmetrical. This produces two sets of social values promoted by social economists, associated with the two interpretations of social policy towards markets distinguished above: the 'off limits' and 'taming the market' views. For the first, if inequality in exchange is severe from a distributive justice perspective – as when exchanges are exploitive – markets should not be allowed to exist. For the second, when inequality in exchange is remediable, the functioning of markets should be changed to prevent this – either directly through such mechanisms as price controls, or indirectly by modifying underlying conditions affecting markets through such measures as the redistribution of wealth.

At the level of human motivation, social economists associate social values with how people orient toward one another in ways that transcend the ‘equals for equals’ principle of exchange. If that principle enforces a reciprocal relation between people, social economists also examine how people are motivated to act in a unidirectional manner toward others through caring (Davis and McMaster 2017) and gift relationships (Cedrini and Marchionatti 2017). Caring evokes the value of altruistic concern for others; gift relationships are built around values that create trust between people. Both reflect ways in which people directly interact with each other beyond systems of isolated market interactions.

The moral status of the person in economic life

Defenses of economic freedom are often coupled with defenses of the legal rights people need to participate effectively in markets. The wider sense of freedom defended by social economists entails a broader set of rights – human rights – that people need to secure their economic well-being in and beyond markets. Human rights accrue to people on the same basis that narrower legal rights do: that people are entitled to pursue their livelihoods as best they can while not causing harm to others. Human rights, in this sense, are pre-eminently individual rights; but social economists also defend community rights, since they see the inexorable interrelation between people’s well-being as individuals and their lives in communities.

Defenses of human rights are motivated by a deep social value: namely, that people have inherent value and are entitled to respect simply by virtue of being human. Social economists make this the central, anchoring value of life – economic and otherwise – and refer to it as the dignity of the person. In Kantian philosophy, people are ends in themselves, have intrinsic worth, and ought never be means to others’ purposes (White 2011). This means that ethics and economic policy ought always be organised around reducing human vulnerability and promoting people’s choices in life to the extent that this avoids causing harm to others (DeMartino, 2019).

Respect for others as human beings also means respecting others’ choices in the expectation that people’s choices and lives can be diverse. That is, the value of human dignity involves valuing human diversity and differences between people. This is a shared human value in that what people have in common is not some single characteristic, but that people are all uniquely different from one another. What people have in common, that is, is their diversity.

Overall, social economists’ social values are a reflection of, and also a normative foundation for, their analysis of economic life lived in close interaction with others – whether in local or more far-reaching communities. Shared life with others thus not only invests all people with essential human dignity, but calls for an open, pluralist economic analysis. In this respect, social economics elevates and prioritises the ‘social’ in economic life and human life more broadly, and thereby offers a humanistic, real-life alternative to mainstream economics.

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