
Social economics: introduction to the second edition

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The success and attention received by the first 2008 edition of *The Elgar Companion to Social Economics* – including a 2009 *Choice* American Library Association Outstanding Academic Title – led us to discuss with our publisher Edward Elgar a second edition. In this second edition, many of the chapters from the first are significantly revised and new chapters have been added on Teaching and learning in economics, Cooperatives, Provisioning and Workplace democracy. These new and revised chapters deepen and expand the distinct understanding and vision that social economics brings to reflection on the social dimensions of economic life.

In many respects, this new edition constitutes a response to what has happened in the world economy since the first edition. Indeed the first edition appeared right at the beginning of the financial crisis and the Great Recession, the consequences of which are still with us. The breakdown in markets and society that occurred was a clear demonstration that conventional economic thinking is inadequate to explain the world we live in. As of today, reduced living standards and stagnant economies continue to burden many people across the world with no end in sight, social and economic inequality continues to widen, and governments seem even less responsive to the everyday issues people face. What is painfully missing from what most economists and policy makers recommend for the future is any kind of social perspective on how well-functioning economies depend on the well-being of people. Sometimes, it even seems, conventional economic thinking proceeds as if the economy is a machine in which any reference to people is optional at best. However, the contributors to this second edition of *The Elgar Companion to Social Economics* see things the other way around. Social relationships determine economic relationships, and the economy is embedded in society rather than the reverse. This has long been the first principle of social economics.

We emphasized in the introduction to the first edition of this *Companion* that social economics has two related domains of investigation. On the one hand, its historical origins lie in the examination of the third sector of mixed market economies, distinct from both market and state, in which

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voluntary, cooperative, and not-for-profit activities in communities and regions are investigated. This focus on the nature and economic organization of communities in social economics has experienced resurgent interest in the contemporary globalized world economy, as people find themselves increasingly vulnerable to worldwide fluctuations in markets and finance, and look to local strategies to help themselves. Community-based economic development is seen by many today as a way in which people can gain control over their lives and as a means of building economic life around sociality and human needs. As this first social economic perspective has acquired added importance since the first edition, four of the new chapters added to this edition take up this concern, while a number of the original chapters have also been revised to emphasize the importance of sustainable community.

On the other hand, social economics has over its long history consistently examined in a critical manner standard economics' main presuppositions regarding market economies. Social values underlie market values, but conventional thinking ignores this, and proceeds as if economics should be a value-free natural science, as reflected in its utter disregard for the many relationships between ethics and economics. A number of the chapters in this *Companion* thus target this misconception, demonstrating that the economy does not operate in a mechanical way as an engine of resource allocation, but that it constitutes a social provisioning process, which unfortunately too often skews the delivery of resources and well-being according to who wields the most power in society. One of the strengths of this *Companion*, then, is that it makes this argument in so many different domains: how firms and markets operate, the nature of finance and banking, the changing roles of law and the state, culture and class, economic policy, social capital and innovation, the relationship of the economy to the environment, etc. This new edition, accordingly, like the first one, we believe provides an excellent survey of the issues and questions people face today and will in the future regarding how well or how poorly the economy can address human development and needs. We believe the book will continue to be used in teaching to acquaint students with what is distinctive about the social economic approach to economics, and also remain a valuable source for researchers who wish to see what the state of knowledge and understanding is on many different topics in the field.

We thank the contributors to this second edition of the *Companion to Social Economics* for their contribution, either republished as is, substantially revised, or new. We believe this edition expands the scope as well as the depth of the contribution that Social Economics has to offer to students, scholars, policy makers and society generally. We thank

Edward Elgar Publishing for continuing to promote social economics by the publication of this second edition. We hope it proves to be as useful as the first edition, and look forward to further growth in a social economic understanding of economic life.