

Proposal for a special session on

John Maurice Clark's concept of social value in contemporary perspective

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John Maurice Clark was a leading figure in the institutional economics and a highly recognized scholar within and beyond the discipline of economics (The Academy of Political Science 1964, Markham 1968). He was named the founder of social economics (Rohrlich 1981, Lutz 2009) and behavioral economics (Stewart 2005; see Clark 1918). Notwithstanding, not many are familiar with his works today, especially his views on social value where he compared social value with exchange value; and on economic responsibility and the responsibility of economics (Clark 1916). For this reason, we plan to organize a special session on John Maurice Clark's understanding of social value that shall explore its relevance for contemporary marketing and public policy, respectively.

As an economist, Clark was interested in the (further) development of economics so that it is able to (better) address dynamics or changes in the economy. His view of economics was that of a discipline that generates the knowledge that economic actors and public policy need in order to become able to act responsibly and adequately with respect to the concrete historic circumstances. In a nutshell, Clark (1916) addressed the relationship between responsible economic action (under the conditions of modernity) and an economics of responsibility. Clark's approaches to social value and responsibility are closely related, if not complementary (Stanfield 1981).

The subsequent list of quotes shall illustrate that and how Clark's views relate to issues of relevance for marketing and public policy; the functioning of market economies and social reform; or externalities. They give the impression of an economic discipline that does not shy away from formulating and assessing objectives and reflecting on the values and valuations unavoidably included in such processes:

- “Every measure of economic reform on which he (the economist, session chairs) expresses an opinion, represents an estimate of a social value of one sort or another, different from that of the market” (Clark 1936, p. 53).
- Necessary is the development of “a concept of economic value and valuation with reference to society as a whole, independent of market valuations and capable of scientific application to concrete cases” (Clark 1936, p. 54).
- Exchange values reflect individual utilities but not the value or cost of a marketed entity (conceptualizable as differently as commodity, service, property rights bundle, resource, etc.) to society: It is “impossible to say that market value measures ‘social value’ in the sense of ‘value to society’” (Clark 1936, p. 50).

At the beginning of the last century, Clark became aware that the complexity of social reality and the interdependency of actions interfere with the classical model of responsibility, the liability model (Young 2004, Haase 2015). From a Clarkeian perspective, economics is a theory that

generates the knowledge enabling the actors to act responsibly and, with respect to the objectives they want to achieve, adequate. This includes the creation of *value to society*, not only within society. The study of what Clark called *inappropriable values* (in today's terms: externalities) and the study of social value are not the same thing. The latter includes theory about what is of value for society, what society can or does value, not only what it wants to avoid. The clue of an approach to social value is that it is not limited to the assessment of ex-post action consequences; thus, it is an ex-ante approach. Theory about social value also includes or is related to *theories of values*. Clark was also cognizant of the challenges involved in specifying social value vis-à-vis economic value, difficulties which remain today. He named values which influenced the creation of the American constitution or the bill of rights "organic social values playing a part in the field of commerce" (Clark 1936, p. 56). There is also "the positive value of freedom" that "may deter us from prohibiting the sale of many quack remedies, or outlawing many questionable business practices, which predominant social judgment and sentiment oppose" (Clark 1936, pp. 55 f.).

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