

How social forces affect the economy edited by Steven Pressman

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Abstract: This article discusses the book *How social forces impact the economy*, edited by Steven Pressman, which focuses on social determinants of economic processes. The contributors examine micro and macroeconomic theories and demonstrate how augmenting the analysis with social aspects – both as influences and outcomes – is critical to mapping reality. They endorse the idea that understanding the context of public policies, particularly economic ones, is essential if evaluations are to be correct and policies are to be effective.

Keywords: Economy, economic theory, social impact, public policy, economic policy

JEL Codes: D00, E00, H00, I25, I28, J68

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The book *How social forces affect the economy*, edited by Steven Pressman, consists of three parts, each containing three chapters (Pressman, 2020). It seeks to demonstrate the relationships among human behaviour, social factors, and their economic perceptions. The contributors adopt a comprehensive approach to the subject, examining everything from the individual and micro-social levels to society and public policies. Part one focuses on the study of individual behaviour and its social determinants, addressing both economic issues (such as consumer choice theory, producer theory, the labour market, game theory, and behavioural economics) and social issues (such as the influence of social norms on individual behaviour or social influences on economic decisions). Part two, which reviews the impact of social factors on the economy as a whole, among other topics, deals with the development of money as a social institution, the impact of social forces on economic development, globalisation, and international economic relations. Part three, in which the authors discuss the practical applications of various concepts in the fields of public policy and business, is mostly devoted to the effects of social factors on economic policy, the impact of public policies on economic development, and issues such as environmental policy, industrial policy, and policies that promote equality.

The volume begins with an Introduction (Chapter 1) entitled “Putting the social back into economics” written by Steven Pressman. It sets the tone for the entire book by establishing a critical perspective on an approach that focuses exclusively on the market and material aspects of the economy while ignoring the social and ethical ones. The editor believes that economics should first and foremost serve the well-being of society, but can only do so by

considering the social dimension in its analyses. In his argument, he references the works of economists and philosophers, such as Joan Robinson and Amartya Sen. Along with examples from real-world situations and economic history, he also draws on academic research in social psychology and behavioural economics.

Part one, entitled "Individual behaviour" offers a microeconomic look at behaviours of individuals and thereby at the social factor that influences economics and economic processes.

In "Becker's two models of social interaction," Ross Tippit presents the two models of social interaction introduced into economic discourse by Gary Becker (1974). Both refer to circumstances in which people make decisions and consider the impact of others on their actions and preferences. The author of this chapter avoids presenting his own perspective and instead focuses solely on describing the models of direct social influence (groups and individuals) on decision-making.

In "Greed, need, and solidarity: The socialisation of *Homo Economicus*," Roger D. Johnson takes issue with the widespread mainstream economic view of man as a rational and self-interested individual. According to the author, man is more than just a selfish consumer or a greedy producer; he also has social and solidarity needs. The author supports his claims by citing studies in social psychology and behavioural economics, as well as research findings and observations of real-life situations. The chapter's main goal is to provide an alternative approach to neoclassical economic theory by demonstrating that markets are a form of social interaction in which individuals jointly assign value to objects, actions, and other individuals, as well as to understand the factors that influence market operation and their the consequences for society and the economy.

"The burden of knowledge and Schumpeter's innovation" by Austin Landini is devoted to Joseph Schumpeter's concept of innovation and its impact on economic development. The author reviews the Austrian economist's theory of economic dynamism in the context of the sources of market innovation. He explores several interpretations of Schumpeter's theory and attempts to explain the reasons for the transition from individualistic innovation to social and integrated knowledge-based ones. He further emphasises that innovation is a complex knowledge – and skill-intensive process that requires cooperation among various social groups.

The common thread linking these chapters is the increasingly widespread view that traditional neoclassical economics, which emphasises individual decision-making based on rational self-interest, cannot explain a wide range of natural economic phenomena. Instead, the contributors rightly advocate a more interdisciplinary approach that takes into account the complex interaction between social factors and economic institutions. Another critical theme is understanding how social institutions and norms shape economic behaviour. The authors suggest that our approaches in economics must go beyond individual preferences or market forces to fully understand their impact on society. They emphasise the need for a more nuanced and interdisciplinary approach to economics, which this would allow the complex relationship between economic behaviour and institutions to be discussed in broader terms. In this part, the fundamental social aspects are culture, norms, values, education, and social groups, which, as the authors rightly argue, are essential in shaping economic behaviour and outcomes.

Even though part one of the book does not provide a detailed review of interdisciplinary approaches to economics, it implies that there is a growing recognition of the need for such research to gain a better understanding of economic behaviour and institutions. The authors discuss different models of economics, such as market, planned or mixed economies. They

objectively identify the strengths and weaknesses of each one and their impact on economic development. Next, drawing on the classical models of economic analysis, such as the resource allocation mechanism, consumer choice theory, and producer choice theory, they argue that economics cannot abstract from the social and environmental aspects of the surrounding reality, including the functioning of the economy.

Part two, "Macroeconomics and money," examines the relationship between economic behaviour and the economy or economics at the macro level. It focuses on the role of monetary institutions and policies in shaping the economy, the role of financial markets in capital allocation and systemic risks, including the impact of globalisation.

In the first chapter of this part, entitled "Money as a social institution: Its historical emergence and political implications," Ann E. Davis argues that the economy is a complex system that consists of many elements and is influenced by a variety of factors. The author emphasises that the economy does not operate in a vacuum, and that monetary policy, financial markets, and globalisation all have an impact on how it functions. She then discusses the role of central banks in shaping monetary policies and their impact on inflation and financial stability, emphasising the importance of selecting the appropriate monetary policy instruments and coordination among central banks. The author also explores various economic models in terms of how they affect social inequality and economic advancement, concluding that social and environmental aspects must be considered in economic analysis.

The chapter "A closer look at the promise of the blockchain in banking and biobanking" by Valérie Racine and Anita Dancs investigates globalisation and its impact on the world economy. The authors present evidence that globalisation has both beneficial and negative effects on the global economy. While allowing free movement of goods, services, and capital across borders and increasing market competition, it also produces social and economic disparities, a growing role played by capital and transnational corporations, dangerously increased migration, and environmental degradation. The authors underline the significance of incorporating social and environmental issues into the globalisation process, as well as boosting the impact of regulations, particularly those governing financial markets.

In "When the Cultural Argument Goes Too Far: The Need to Limit Particularism and Welcome Convergence on Socially Progressive Goals," Anna Klimina focuses on fiscal and monetary policy, and the role of central banks in the economy. The author emphasises that both types of policies are important tools for managing and regulating the economy since they make it possible to control inflation, investment, as well as employment and unemployment. Having discussed the many forms of fiscal and monetary policies and their impact on the economy, she supports taking into account social and environmental aspects in the decision-making process for these policies.

The key factors in the analysis presented Part Two are globalisation, fiscal and monetary policy, and the role of central banks. All the chapters deal with the complex relationships among the various factors influencing the economy, as well as the need to consider the social and political context in economic decision-making. The authors convincingly argue that all these aspects are inextricably linked; for example, globalisation affects various aspects of the economy, such as international trade, foreign investment, fiscal and monetary policy. The latter two, in turn, affect inflation, unemployment and other characteristics of the economy, and hence the central banks' decisions.

The authors emphasise the importance of considering social variables when making economic, fiscal, and monetary policy decisions. They demonstrate how globalisation may lead to

social and economic inequities as well as environmental degradation. Fiscal and monetary policies, in turn, have distinct, and often initially unmeasurable, effects on various social groups. As part of their recommendations, the authors correctly underscore the need to regulate financial markets and take systemic risk into consideration by showing that social and economic inequality compounded by financial instability may lead to major economic disasters.

Part three, entitled "Policy Issues," focuses on numerous political and social factors affecting the economy. Its contributors examine a range of political and social concerns, including social inequality, poverty, unemployment, and climate change, concluding that all of these have a substantial influence on the economy and should be addressed in all economic choices. They argue in favour of taking ethical factors into account while making economic policy decisions. This part of the book closes with a discussion of some of the economic ramifications of various public policy models, particularly the socially sensitive ones, such as health care programmes and pension plans.

In the first chapter, "Industrial policy and societal goals: A new look at the American case (from Hamilton to Obama and Trump)," Marco R. Di Tommaso, Mattia Tassinari, and Andrea Ferrannini analyse social inequality and its economic consequences. They contend that social inequality has a negative impact on the economy by reducing social mobility, productivity, and financial stability. Considerable disparities in social status may also contribute to social and political tensions, as well as a lower quality of life for many people. The scholars investigate numerous reasons of social inequality, such as differences in access to school and the labour market, as well as the increasing role of inherited wealth. When analysing social inequality, they emphasise the significance of examining the historical and cultural context, as well as the fact that different nations have diverse levels of social disparity and different public policy measures for eliminating it.

In her "Relational determinants of international environmental cooperation: A panel analysis," Mimi Houston focuses on climate change and its economic impact. The author presents evidence that climate change has a detrimental impact on the economy, raises environmental costs, and lowers many people's quality of life. The causes of climate change, such as greenhouse gas emissions and deforestation, as well as their ramifications for various economic sectors, such as agriculture and tourism, are examined in the context of increased natural disaster risk as well as political and social instability. The author's major conclusions include the importance of supporting green technology, educating the public about climate change, and promoting international collaboration to minimise greenhouse gas emissions as these investments will help the economy and the environment by creating new employment and encouraging innovation.

In "Explaining inequality: Facts are no longer enough," Dell Champlin and Janet Knodler investigate the role of technology in the economy and emphasise that even though it is crucial for economic development, it may lead to social and environmental inequalities. When examining various areas of technology's involvement in the economy, such as innovation, digitisation, or automation, the authors emphasise the importance of investment in worker education and training, as well as the development of digital infrastructure. They also argue that these investments can benefit the economy and society by creating new employment and encouraging creativity. At the same time, they draw attention to the negative consequences of technological development, such as rising unemployment and social disparities. They conclude by emphasising the importance of protecting privacy and data security, as well as regulating technology markets.

Part three of the book offers a broader view of the economic reality. The authors look in more depth at the issues associated with current technological change and note that although it is crucial for economic development, it may at the same time exacerbate social inequalities. In order to prevent these negative effects, they argue for regulating labour markets and protecting workers' rights, implementing comprehensive economic policies aimed at innovation investing in worker education and training as well as in the development of digital infrastructure to benefit the economy and society.

Technology has a significant impact on data privacy and security, which is why the authors advocate for adequate regulation of technology markets, public education, and data protection. The robustness of institutions, which play a critical role in determining economic behaviour and performance, is a guarantee of positive change. Institutions should encourage entrepreneurship and innovation while combating corruption and inefficiency in public administration.

The role of the state in the economy is another major topic covered in this part of the book. The authors emphasise the importance of the state in fostering economic development through investing in infrastructure, education, and research. They do, however, advise against excessive state intervention in the market and believe that ensuring entrepreneurship freedom is essential.

Summary

It is clear from the outset that the book edited by Steven Pressman is intended to help students and other readers gain a better understanding of economics. Even the most complex concepts are explained lucidly not least thanks to the adoption of a broader, social perspective on the economic reality. Among other things, readers are given the opportunity to: (1) appreciate the scale and scope of the impact of social and cultural factors on people's economic behaviours and economic performance; (2) find out about the latest trends and challenges in economics; (3) understand how the science explains a variety of phenomena by considering its models and theories, including their strengths and weaknesses, as well as how different factors influence economic behaviour and the effects of specific policy interventions; (4) familiarise themselves with a range of interesting examples taken from real-world economic events and their interpretations with the benefit of hindsight.

Apart from students, another group of potential readers comprises academics and researchers. From the perspective of this group, the book's most important features include: (1) its interdisciplinary nature – the authors draw on knowledge and examples from different disciplines such as economics, psychology, and or sociology to provide a more comprehensive view on the issues studied; (2) a critical approach to traditional, e.g. neoclassical economic models, for ignoring the social context in which economic processes take place; (3) an analysis of the impact of social and cultural factors on the economic behaviour of individuals; (4) examples of good practices which may be useful for economic researchers; (5) a broad discussion of a variety of economic models and theories in the socio-economic context; and (6) a review of recent trends and challenges in economics.

The book does have certain shortcomings, though. One of the main problems is its sheer size – each of its nine chapters covers a wide range of topics. For this reason, it may be challenging to assimilate for people without prior exposure to economics. The reader may struggle to keep track of the interweaving strands and retain relevant information. Another challenge is the level of complexity of several chapters. Some topics are more complicated than others, and some chapters focus more strongly on theory, while others emphasise research findings, mak-

ing it harder to follow. The reader may need more time to comprehend the intricacies of certain concepts and theories. In several cases, the authors could have gone into more detail on various points for the sake of clarity of argumentation. Some chapters contain a lot of information, but lack specific examples or illustrations that could have helped the reader better understand the concepts presented.

However, the positive aspects unquestionably predominate. One of the most important qualities of this strictly economic book is that it focuses on social factors, such as the impact of technology, economic policy, and globalisation on social inequality, as well as the need to consider ethical aspects in the economic process and decision-making. While analysing economic issues, the contributors uncover the limitations of neoclassical economics and discuss problems that, while economic in nature, nevertheless have a strong social component. The authors also provide recommendations addressed to public policymakers in an intriguing way, emphasising the need to prevent unfair competition and ensure entrepreneurship freedom in national and international markets.

The book's multidisciplinary nature is a key asset; the authors draw on knowledge and methodologies from numerous domains, such as economics, psychology, and sociology, allowing for a more thorough understanding of the issues studied. The reader can follow the intricacy of economic processes and grasp the impact of social and cultural factors on the economic activity of individuals.

An equally important feature of the book is its topicality. The authors cover a wide range of relevant subjects from the social and economic perspective, such as the impact of technology on social inequalities and combating unfair competition in international markets, interspersing them with exciting analyses and conclusions. Their discussion of various economic models and theories, including their strengths and weaknesses, enables the reader to better understand the factors that influence the economic behaviour of individuals and the effects of specific policy measures.

Without a doubt, the book edited by Steven Pressman is a valuable resource for people interested in economics and its impact on society. Despite some of the challenges associated with its breadth and complexity, it provides a wealth of valuable insights and analyses that can be of use to students of economics, researchers, and practitioners involved in economic policy.

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Conflict of Interest

The authors declare that the research was conducted without any commercial or financial relationships that could be construed as a potential conflict of interest.

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