

WHAT ECONOMICS OWES TO SOCIOLOGY ?

بماذا يدين علم الاقتصاد لعلم الاجتماع ؟

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Abstract:

Economics is interested in studying the production, use and transfer of wealth, as well as the financial process of goods and commodities, their consumption, distribution, production and export in addition to incentives, prices, profits, human resources, investments, trade, the process of attracting customers, promoting products and other activities. Sociology, however, is concerned with studying human relations and interactions, behaviors, rules, and life processes of individuals living together as a community. All the findings of sociology serve to assist economics in developing conceptual models of human behavior to predict responses to changes in politics, the market, and societal reality. Economics depends greatly on sociology.

In view of that, this article attempts to elucidate the dependence of economics on sociology and how sociological studies are important to economics.

Keywords: Economics, sociology, society, socio-economic studies, economic sociology.

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1. INTRODUCTION

Humanities are an umbrella term for academic disciplines that study human culture. In the middle ages, the term contrasted with divinity and referred to what are now called classics, the main area of secular study in universities at the time.

Today, the humanities are more frequently contrasted with natural, physical and sometimes social sciences as well as professional training². Humanities can be also described as the study of how people process and document the human experience.

Since humans have been able to do that, we have philosophy, literature, religion, art, music, history and language to understand and record our world. These modes of experience have become among the subjects that traditionally fall under the notion of humanities. Knowledge of these records of human experience gives us the opportunity to feel a sense of connection to those who have come before us, as well as to our contemporaries.

Human sciences have several and different branches that are interrelated, and this is the case with economics with sociology; both study economic phenomena of society. This interdependence appears, especially during the preparation of economic studies aimed at increasing economic growth and achieving social justice in the distribution of wealth through various tax policies and government subsidies. To prepare these studies, it is necessary to identify the social structure, customs and traditions prevailing in society, and monitoring cases of poverty and unemployment and other social phenomena.

Thus, Economics is interested in studying the production, use and transfer of wealth, as well as the financial process of goods and commodities, their consumption, distribution,

² Simpson John, E. W, Oxford English Dictionary, 3eme éd, UK, Clarendon Press Publication 2012, p23

production and export. Moreover, interest in incentives, prices, profits, human resources, investments, trade, the process of attracting customers, promoting products and other activities...

Nevertheless, Sociology is concerned with studying human relations and interactions, behaviors, rules, and life processes of individuals living together as a community. All the findings of sociology serve to advance economics in the development of conceptual models of human behavior to predict responses to changes in politics, the market, and societal reality. In this regard, economics depends considerably on sociology.

In addition to that, some sociologists (Coleman, Paula Englund, Mark Granovetter, Harrison White, and Paul DiMaggio...) showed the relationship between economics and sociology, so they claimed that economic analysis is concerned with knowing the way people behave and the implications of their behavior, while sociology is interested to know the reason why people act the way they do. It also provides sociology with the necessary information about social structure, such as the study of the causes of poverty in any society. Therefore, it requires the economist to have information about the social life prevailing in given areas in order to raise their standard of living and solve their problems. Hence, we have to ask this question:

-What is the rapport between economics and sociology?

To answer this question, we will discuss the genesis of Economics, the definition of sociology and the concept of economics, then the difference between the two sciences.

This article aims to value the relationship between the sciences and the importance of using different scientific results in the development and service of the individual and society.

2. THE GENESIS OF ECONOMICS

Economics in its basic form began during the Bronze Age (4000-2500 BCE) with written documents in four areas of the world: Sumer and Babylonia (3500-2500 BCE); the Indus River Valley Civilization (3300-1030 BCE), in what is today's Afghanistan, Pakistan, and India; along the Yangtze River in China; and Egypt's Nile Valley, beginning around 3500 BCE. Societies in these areas developed notation systems using markings on clay tablets, papyrus, and other materials to account for crops, livestock, and land. These accounting systems, arising in tandem with written language, eventually included methods for tracking property transfers, recording debts and interest payments, calculating compound interest, and other economic tools still used today³.

From the third millennium BCE onward, Egyptian scribes recorded the collection and redistribution of land and goods. Sumerian traders developed methods to calculate compound interest over a period of months and years. The Code of Hammurabi (circa 1810–1750 BCE), the earliest work of economic synthesis, specifies norms for economic activity and provides a detailed framework for commerce, including business ethics for merchants and trades people.

The first millennium BCE saw the emergence of more detailed written treatises on economic thought and practice. The Greek philosopher and poet Hesiod, writing in the eighth century BCE, laid out precepts for managing a farm in his *Works and Days*. Athenian military leader, philosopher, and historian Xenophon built on this in *Oikonomikon*, a treatise on the economic management of an estate. In *Politics*, Aristotle (circa 350 BCE) took these ideas further, concluding that while private property ownership was preferred, the accumulation of wealth for its own sake was "dishonorable" (GmbH).

³ www.investopedia.com, 2023.

In Medieval Western Europe, economic theory was often blended with ethics, as seen in several works including that of Thomas Aquinas (1225-1274) and. Few of those writers went into the amount of detail that Ibn Khaldun (1332-1406), Tunisian historian and philosopher, did. In *Al-Muqaddimah*, Ibn Khaldun analyzes economic issues such as the perils of monopolies, the benefits of division of labor and the profit motive, and the rise and fall of economic empires. The importance of his work was recognized by Machiavelli and Hegel, and many of his ideas prefigured those of Adam Smith and those who followed him centuries later.

Adam Smith, the father of modern Economics, is the most famous defender of free trade. He was a moral philosopher who applied Lockean principles to the analysis of economy. Free individuals tend to serve their own interests, but are also able to develop *moral sentiments* (Smith, 1759). The first motivation dominates when buying and selling goods, capital, and labour on the market. When the local community asks for charity, moral sentiment motivates people to contribute. While the first drive leads to a smooth functioning of markets, the second drive diminishes inequality and class conflict. After Smith, economists such as Ricardo, Malthus, and Marx made analyses of the functioning of the capitalist system as it operated during the 18th and 19th century in the Western world. We now call these economists *classical political economists*. The term classical suggests a link with the Greek, Roman secular, and natural philosophy. The term political suggests that the analyses were primarily made to serve a political end: how to develop a system of production that creates prosperity for some or all classes. Some economists such as Marx were pessimistic about the potential for a capitalist system to create lasting prosperity for all classes. Others were not optimistic about the future of capitalism as a vehicle towards any prosperity—Ricardo and Malthus, for instance. Smith, however, was optimistic about the results of capitalist economy.

He paid much attention to the necessary institutions that must make prosperity in a free market society possible⁴.

From the above one can note some intersection of sociological thought with economics. Although the emergence of the economics was before the emergence of sociology, it should be noted that Social Thinking -in general- preceded the genesis of Economics.

3. ECONOMICS

Economics is a social science concerned with the factors that determine the production, distribution and consumption of goods and services. The term economics comes from the ancient Greek (oikos=house) and (nomos=custom, law), hence "Rules of the house" = hold for good management ⁵.

Additionally, Economics is the science that studies human behavior as a relationship between given ends and scarce means that have alternative uses ⁶.

In general, economics includes both the economic system of one's country or any other region in terms of labor, capital, natural resources, industry, trade, distribution and consumption of goods and services in this region.

⁴ Keizer Piet, *Multidisciplinary Economics: A Methodological*, USA, Account Hardcover, Edition Hardcover 2015, p19

⁵ Harper Douglas R, *online etymology dictionary economy*, Lancaster , D. Harper, 1960

⁶ Lionel Robbins, *An essay on the nature and significance of economoc science*, london , Macmillan, 1932,p16

Economy can also be described as a spatially constrained social network in which the exchange of goods and services based on supply and demand takes place between participants through barter or through some medium exchange and using accepted values of debits and credits within this social network.

In addition, one can say that economy is a wide range of productive activities that are accompanied by a wide activity of consumption, during which the process of exchange (buying and selling) takes place helps to know the best way to use the country's scarce resources.

The production, consumption and distribution of goods and services are managed with the aim of meeting the needs of the people who live and work within the economy (economic system), which helps to make the most of the factors of production and resources.

Hence, economy consists of several different markets, its main role being to bring buyers and sellers together, and economic markets are used as mechanisms for managing scarce resources in the economy.

Looking closer, the economy can be said to consist of consumers who are one of the most important parts of the system and who purchase products and services and indirectly help determine prices and market needs.

On the other hand, the economic system consists of businesses that employ consumers themselves as workers and produce goods, in addition to the government that plays various roles by purchasing products, employing labor and by imposing taxes. The interaction of all these parts together creates economy.

4. ECONOMICS STUDY

Economics focuses on the behavior and interactions of economic agents and on how economies function. Consistent with this focus, primary textbooks often distinguish between:

Microeconomics: examines the behavior of basic elements in the economy, including agents (household, firms, buyers, sellers...) and markets, their interactions and the outcomes of these interactions.

Macroeconomics: analyses the entire economy (production, consumption, savings and investment) and issues affecting it, including unemployment of resources (labor, land, capital) inflation, economic growth...

Econometrics: a branch of economics concerned with the use of mathematical methods, especially statistics, in describing economic systems.

Thus, the study of economics helps people understand the world around them. It enables people to understand people, businesses, markets and governments, and therefore better respond to the threats and opportunities that emerge when conditions change. Economics majors are well-positioned in an ever-changing world because they have problem solving and analytical skills that allow them to succeed in a variety of career paths—law, risk management, actuary, finance, foreign affairs, public administration, politics, policy analysis, health administration, entrepreneurship, market analysis, journalism, and even unknown careers of the future.

5. SOCIOLOGY

Sociology is a social science that studies human relationship, their interactions, and the processes that preserve and change them. It does so by examining the dynamics of constituent parts of societies such as institutions, communities, populations, and gender, racial, or age groups. Sociology also studies social status or stratification, social movements,

and social change, as well as societal disorder that manifests itself in the form of crime, deviance, and revolution.

Sociology is also the study of human social relationships and institutions. Sociology's subject matter is diverse, ranging from crime to religion, from the family to the state, from the divisions of Ethnic and social class to the shared beliefs of a common culture, and from social stability to radical change in whole societies.

Accordingly, sociologists study societal relationships, cultures, history, in addition to institutions and their intersections with modern life. They also attempt to determine how that affects people today. Drawing from sociological research and theory, we can better understand not only how our society works, but also acknowledge its downfalls, reason with solutions, and implement change to make it better for ourselves and future generations.

Unifying the study of the diverse subjects of study is sociology's purpose of understanding how action and consciousness both shape and are shaped by surrounding cultural and social structures.

In a nutshell, Sociology is concerned with all sorts of human behavior, from interpersonal relationships to major institutions.

6. SOCIOLOGICAL STUDY

Sociology is an exciting and illuminating field of study that analyzes and explains important matters in our social lives and our communities.

-At the individual level, it investigates the social causes and consequences of such issues as gender identity, family, conflict, deviant behavior, elderly and religious beliefs.

-At the societal level, it examines and explains matters like crime and law, poverty and wealth, prejudice and discrimination, schools and education, business firms, urban community and social movements.

-At a global level, it studies such phenomena as population growth and migration, war and peace and economic development.

In addition, Sociology is defined as the study of social life, social change, and the social causes and consequences of human behavior. Sociologists investigate the structure of groups, organizations, and societies, and how people interact within these contexts. Since all human behavior is social, the subject matter of sociology ranges from the intimate family to the hostile mob; from organized crime to religious cults; from the divisions of race, gender and social class to the shared beliefs of a common culture; and from the sociology of work to the sociology of sports. In fact, few fields have such broad scope and relevance for research, theory, and application of knowledge.

Furthermore, Sociology provides many distinctive perspectives on the world, generating new ideas and critiquing the old. The field also offers a range of research techniques that can be applied to virtually any aspect of social life: street crime and delinquency, corporate downsizing, how people express emotions, welfare or education reform, how families differ and flourish, or problems of peace and war. Because sociology addresses the most challenging issues of our time, it is a rapidly expanding field whose potential is increasingly tapped by those who craft policies and create programs. Sociologists work to understand social inequality, patterns of behavior, forces for social change and resistance, and how social systems work. Within the context of the present work, Sociology is a discipline concerned with the study of all areas of social life, including the study of the economy, wealth and poverty of societies.

7. THE RAPPORT BETWEEN ECONOMICS AND SOCIOLOGY

Economics deals with the economic activities of man. It deals with production, consumption and distribution of wealth. Undeniably, economic factors play a vital role in the very aspect of our social life and total development of individual depends very much on economic factors. Therefore, without knowing the economic conditions, the study of society is quite impossible. Moreover, all the social problems are directly connected with the economic conditions of the people, and that is why Marshall defines Economics as “on one side the study of wealth and on the other and more important side a part of the study of man”.

In the same way, Economics is influenced by Sociology because without the social background, the study of economics is quite impossible. Some economists like Sam Bart, Max Weber, and Pareto have explained economic change as aspect of social change.

According to them, the study of economics would be incomplete without understanding of human society. On the other hand, according to Karl Max, social phenomena are determined by economic forces, and social reality or social change can be explained in terms of economic forces.

Nowadays, the area of co-operation between Sociology and Economics is becoming wider, and therefore, Economists are now analyzing the social factors influencing economic growth. Economists are now and more making use of the sociological concepts and generalizations in the study of economic problems. Besides, there are certain social economic problems of greater importance to be studied by both economists and sociologists and

problems such as poverty, unemployment, overpopulation, etc. have both social and economic implications ⁷.

It must also be noted that there is a domain called "Economic sociology", the application of sociological concepts and methods to analysis of the production, distribution, exchange, and consumption of goods and services.

On the other hand, Economic sociology is a branch of sociology that studies economic phenomena. This subfield approaches the economy as a social system that is embedded within society at large.

In many ways, this field challenges mainstream economic theory in that it rejects the assumptions that people are self-interested, rational agents acting in isolation. Instead, economic sociology views individuals as intrinsically connected to each other via interpersonal relationships, social networks, institutions, and shared culture ⁸.

Key strands of economic sociology include embeddedness, relational approaches, and the performativity of economic models. Other strands also exist.

Economic sociology is particularly attentive to the relationships between economic activity, the rest of society, and changes in the institutions that contextualize and condition economic activity. Although traditional economic analysis takes the atomistic individual as its starting point, economic sociology generally begins with groups, or whole societies, which it views as existing independently of and partially constituting the individual. When economic sociologists do focus on individuals, it is generally to examine the ways in which their interests, beliefs, and motivations to act are mutually constituted through the

⁷ Iagê Miola and Sol Picciotto, *On the Sociology of Law in Economic Relations*, *Social & Legal Studies* Volume 31, Issue 1, UK, SAGE Publications February 2022, Pages 139-161

⁸ www.investopedia.com/economic-sociology-5248697 le 24 02 2023

interactions between them. This focus on economic action as social—that is, as oriented toward other people—allows economic sociologists to consider power, culture, organizations, and institutions as being central to economy.

The themes of power and culture, as well as the focus on organizations and institutions in economic sociology have naturally led its practitioners to examine the relationship between the state and the economy. Economic sociology has generally asserted that the state and its economy exist in a symbiotic relationship: the state depends on economy for revenue, and economy depends on the state for the rule of law. This runs counter too much of the economic literature on markets in economics, which tends to portray markets and states as existing in opposition to one another. The symbiotic relationships between economies, the state, and civil society are what economic sociologists mean when they say that economies are embedded in social and political structures. The relationship between the state and economy has been an area of inquiry central to economic sociology since its genesis.

Basically, Economic sociology is concerned with how technologies and cultures of expertise shape institutions, cultures, money and markets. Risk regulation is explored in the light of broader concerns for organizational processes and techniques of governance. In addition, we rely on economic sociology and STS in order to investigate phenomena such as digital money, everyday technologies and labor.

Therefore, the superiority of capitalism as an economic system and the evolution of the machine has fascinated economists for centuries; this has not been the case with sociologists. For sociologists capitalism has mainly been of interest for its social effects—how it has led to class struggle, anomie, inequality and social problems in general. Capitalism as an economic system in its own right has been of much less interest. Some of these

reactions have probably to do with the unfortunate division of labor that developed between economists and sociologists in the 19th century: economists studied economy and the sociologists studied society without economy.

8. CONCLUSION

Sociology and Economics as two branches of human sciences have a very close relationship because society is greatly influenced by economic factors and economic processes are largely determined by social environment.

Economics is closely related with social activities the same way society is affected by economic activities.

Economics and sociology meet in more than one area. Wealth, which is the object of economics, exists only in a society and is produced only by labor. It can only be transacted between individuals bound by social systems and conditions. Sociologists are also interested in the study of economic relations between workers and entrepreneurs that is to say between labor and capital.

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