

**Dr. P.V. Viswanath, Professor of Finance, Lubin School of Business and
Dr. Roger Salerno, Professor of Sociology, Dyson College of Arts and Sciences**

Learning Community on *Finance and Society*

In the neoclassical economics framework, the individual is taken as the unit of economic analysis, from which society emerges rather than recognizing it as an outcome of the interplay of group and individual dynamics. Sociology, on the other hand, is often defined the systematic study of society. Societies are seen as the unit of analysis and much less attention is paid to rational decision-making by individuals. This results in a tendency to ignore the operations of markets and their benefits.

This Learning Community will critically examine the underpinnings of neoclassical finance and explore its failures not as peripheral problems that need to be fixed in an otherwise well-functioning system, but as symptoms of a fundamental shortcoming in the current framework of analysis. We will use historical examples and sociological concepts to bring out the essential social nature of the financial system. This course will allow students to see how financial markets are embedded in social arrangements. Failure to recognize the reciprocal role of society and markets explicitly leads to the acceptance of unjust social arrangements leading to inequality and human suffering; recognition of this, on the other hand, allows society to harness the positive power of financial and other markets for social good. We anticipate this to be the beginning of a research agenda that will allow both of us to investigate financial markets in a more sophisticated manner and to propose solutions to problems in their current functioning. Such areas will include social panics and financial crises.