CONCLUSION

The Enchanted World of Capitalism

"And are you happy, Velina, with our life here? Have you stopped hoping for anything better?"

—KAREN RUSSELL, *St. Lucy's Home for Girls Raised by Wolves*

CAPITALISM is a socioeconomic system oriented toward the future. With the expansion of competitive markets and the extension of the credit system, actors in the economy are required to shift their attention to the future, which cannot be imagined as a repetitive pattern of events known from the past. To survive in the competitive world of the capitalist economy, producers and investors must seek new products, higher productivity, lower costs, new forms of production, and new domains of investment to create ever more value. Freed from the confines of an enforced social hierarchy, consumers feel continuous pressure to assert their social status by acquiring new products and increasing their consumption. Stasis is deadly: it wipes economic actors out of the market and robs consumers of their social position. However it unfolds, the unknown future inevitably involves restless striving. Attempting to create new value is seen as an opportunity to excel, to make profit, and to maintain or improve social status. At the same time, it comes with the risk of economic failure, which is attributed not to fate but to actors' own decisions. The disposition to create novelty, which plays at most a marginal role in traditional societies, is indispensable in capitalism. The historical perspective shows that action oriented toward a future experienced as open and different from the past and the present is not inherent to human nature: it has emerged as a feature of the institutional and cultural development of capitalist modernity.

To understand the dynamics of capitalism we must understand the role expectations play in economic decision-making, how these expectations are formed, and how they affect actors' decisions. Perhaps more than anything

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else, the future—or, more precisely, images of the future formed by actors—informs decisions and thus explains outcomes. Such a revision to our understanding of the economy demands that the social sciences adjust their approach to include assessments of the future as a causal factor in economic outcomes. The future matters!

If actors had some way of knowing how the future would unfold and what impact their choices had on it, it would not be difficult for them to foresee their fate or predict the consequences of their decisions. All cultures possess "technologies" that they believe help them foresee the future (Rescher 1998). In the past, these took the form of oracles, prophecies, and astrological signs, among others. These lost legitimacy in the enlightened world of modernity. By the seventeenth century a new set of technologies began to develop that used probability theory and other rational devices to anticipate the future. These technologies laid the groundwork for economic forecasting and rational planning methods. But these technologies also failed to achieve what their magical forerunners had failed at: foreknowing the future.

If uncertainty is real and the future is open and cannot be known ahead of time, in capitalist modernity anything claiming to predict the future is making an essential error. The recent financial crisis has made it abundantly clear that rational expectations theory's claim of prices reflecting intrinsic value cannot be trusted. For an understanding of the economy, then, the question of how expectations form needs to be reassessed—expectations under conditions of uncertainty should be characterized as *fictional.* Although this term has been associated with pure fantasy, it can accurately describe the status of expectations in situations where uncertainty prevents actors from calculating outcomes, and thus from anticipating future states of the world. When outcomes are uncertain, actors are required to pretend they can anticipate outcomes in order to make justifiable decisions—to act *as if* the future were going to develop in a given way. Fictional expectations build a kind of parallel reality—an *imagined future.* Imagined futures in the economy include assumptions about the profitability of investments, projections about technological developments, assessments of the default risk for financial securities, and the anticipation of satisfaction derived from a consumer good that has yet to be purchased. Although fictional, these imagined futures—if deemed credible—justify, inform, and legitimate decisions, thus influencing the unfolding of economic processes.

Fictional expectations help actors to find direction in an uncertain economic world. Decisions about the main buttresses of the capitalist

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economy—money and credit, investments, innovation, and consumption—would be impossible without contingent imaginaries of perceived futures. Indeed, imaginaries have been and still are a necessary condition for the operation and spectacular growth of the capitalist economy over the past two centuries. The creation of credible imagined futures, *despite* and *because of* awareness of the future's contingency, is a major accomplishment, necessary for the operation of the capitalist economy. No monetary system could function without the expectation that money will remain largely stable. No loans would be granted without the expectation of repayment. No serious research and development activities would be undertaken without the expectation of successful innovation. No investment—in equipment, financial assets, or human capital—would be made without the expectation of future benefits. No consumer society would be possible without the continuous construction of imaginaries associated with cars, computers, or traveling, and their operation in the motivation of future purchases. By downplaying at least momentarily the possibility of failure and disappointment, imaginaries of the future allow risks to be taken and growth to be sustained. They open the door to the unknowable future.

Often enough, these imaginaries crumble as the future actually unfolds: hyperinflation evaporates the value of money; loans go unpaid; innovations are not accepted in the market; investments fail; the car, once purchased, disappoints the driver. Far less often, the future outshines the imaginary: when they were founded, no one expected the spectacular successes of Amazon, Google, Apple, or Facebook. For the actors involved, whether or not individual outcomes actually correspond with expectations is crucially important: failed investments, hyperinflation, bankruptcies, unemployment, and disillusioned consumers are all instances of disappointed expectations with important individual and social consequences. But at the macrolevel, these are mere episodes, and while they may affect whole societies, they are an integral part to the continuation of the capitalist system. All that really matters to the dynamism of capitalism is that we continue to pursue risky activities. For each success there can be many failures. But for capitalism to flourish, hope for new profits must spring eternal, nourished by the development of ever new imaginaries.

Fictional expectations in the economy have become increasingly important as capitalist modernity has unfolded. The historical expansion of credit relations, the increasing abstraction of money as it became unbound from scarce commodities that once gave it its underlying value, the disembedding

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of investments from particularistic networks, and the increasing significance of symbolic value in consumer goods all bear witness to this. But expectations may also stop capitalism dead in its tracks: crises in capitalism occur when expectations shift suddenly, and the future in which actors once believed vanishes, sharply reducing the timeframe to which actors are willing to commit. In no time at all, the promises embodied in financial products can be infected with doubt. Loan sources dry up, currencies are abandoned, investments are postponed, shares are sold. The future becomes devalued. The same thing may occur with consumer products: the dreams of satisfaction promised in the purchase seem unattainable, unreasonable, or outmoded; the products lose their appeal and demand disappears. In 2001, investors lost confidence in the imagined futures reported by Enron's executives, accountants, and stock market analysts. In an instant, the giant energy company collapsed. In 2008, the value of the securitized mortgages of American homeowners plummeted when investors' expectations about whether they would be repaid suddenly shifted. The latter crisis is a particularly salient illustration of how fundamental a role fictional expectations and imagined futures play in the dynamics of capitalism: one cannot even say that the value of these assets declined with regard to their *actual value* at the moment of crisis, because, like any other commodity, they never had any "intrinsic" value to begin with, given the openness of future events. Expected future value, which is the starting point for the calculation of current value, is always anchored in fictional expectations.

Indeed, there is no fundamental economic value, in the ontological sense of that term, that can exist independent from actors' imagined futures. Imaginaries of the future are imaginary above all things; they reflect contingent and shifting assessments of what may or may not transpire. This does not make them any less important: if they are credible, imagined futures are able to provoke action in the economy, and in this way drive capitalist dynamics. But this dynamism cannot be taken for granted. As may be increasingly observed in financial markets, in corporate governance, and in investments, our current obsession with the short term may deplete capitalist modernity of its central source of growth, which is the patient willingness to engage in economic activities with uncertain outcomes (Haldane 2015). Imagined futures may also be deflated by social structural changes in the economy, such as growing job insecurity, decreasing opportunities for upward social mobility, aging populations, or a diminished desire for consumer products. Mounting debt caused by economic crises can also "colo-

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nize" the present and block out the future by preventing investment into new imaginaries. The dynamics of capitalism continue virtually uninterrupted when faced with alternative utopias, because they are easy to assimilate. But diminished attractiveness, vanishing structural preconditions or the colonizing of the present by former commitments may bar the way to an economic future that realizes new economic forms, and result in a slowing of growth and economic crisis.

CREDIBILITY, INTERPRETATION, INVENTIVENESS, AND POLITICS

The observation that expectations in the economy are fictional raises several questions that demand closer scrutiny. Most important, perhaps, is that of the origins of credibility: what makes actors hold certain expectations and not others? In literary fiction, readers are not looking for reality when they open a novel, and submit easily to the fictional worlds created by authors, so long as they are internally coherent and suspenseful. In the economy, however, fictional expectations require a great deal of careful management to achieve credibility: actors examine potential expectations by gathering as much information about them as they can, as well as information about competing projections of the future. Sources of credibility for expectations in the economy are manifold: they may be institutional, social, emotional, conventional, arise from practical processes, and reflect the power structures of the economy.

Two points should be taken from this discussion. First, the credibility of expectations is unthinkable without the structures provided by institutions, conventions, and social power. Credit systems, for example, require formal and/or informal rules that enforce the repayment of loans; they must rely on conventions, such as credit ratings or accounting methods; and they are based on the (sometimes coercive) assertion of political and economic power—for example, the enforcement of austerity measures in countries in danger of defaulting on their sovereign debt. Second, the credibility of expectations is rooted in the practices of economic actors. As I have argued throughout this book, an expectation's credibility—that is, its capacity to inspire belief in a specific future—comes in large part from actors' observations of and interactions with one another, as well as their proclamations about and justifications for their assessments of a given situation. Firms, consumers, and economists form convictions and coordinate their assessments

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in communicative processes. These processes may take place through exposure to a multitude of different perspectives, but dominant players attempt to create alliances around their worldviews. Beliefs, as Emile Durkheim and John Dewey both argue, are formed from collective practices. Once the structural and practical roots of expectations have been exposed, it becomes clear that while expectations may be held by individuals, they can only be explained when the social world in which these individuals operate is taken into account. In this sense, expectations are not individual, and must be examined from a sociological perspective if they are to be understood.

Meaning and interpretation are central to a rigorous examination of economic decisions and outcomes. This is predicated on the premise that the economy is a social system. As such, it operates based on the meaning actors assign to the phenomena they observe. Meaning and interpretations of situations emerge and change through communicative processes in which shared perspectives develop and prevailing interpretations are confirmed or contested. If the future is open, expectations of the future, and the actions taken based on those expectations, are the result of contingent interpretations. These interpretations take narrative form. Economic action should therefore be understood as anchored in narrative constructions, implying that no empirical inquiry of the economy can detach itself from the investigation of the hermeneutics of economic action. Narratives are built around past experiences and formed from imaginaries of future states and assessments of how decisions will affect future outcomes. In this, economic theories play an important role. Theories give weight and body to imaginaries by offering a detailed perspective on a problem and the causality of events; assembling, selecting, and ranking circumstances, evidence, or criteria; defining possible alternatives; naming participants; and, if specific actions are to be undertaken, telling how they will unfold. Because the economic future is uncertain, economic theory is actually a narrative—a commitment to a specific interpretation of the economy. To be sure, this narrative construction of the economy always takes place against a backdrop of known facts, rules, institutional structures, economic and political power, and social networks. Their relevance in the action process depends, however, on the meaning they obtain in the specific situation. Fictional expectations are oriented toward the future, but because of their institutional and social anchoring, "history matters" just as much in their construction.

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Fictional expectations also play a crucial role in the inventiveness of capitalism. Shared expectations have a coordinating function because they align actors' decisions in the economy, making them more predictable. That is not to say that actors' expectations in the economy must converge. In this sense, social processes in modernity are not necessarily a trajectory of increasing homogenization, as has been argued by sociological institutionalism. The very uncertainty of the future, the differentiation of products and markets, and differences in social position imply that actors will differ in how they assess the future: some see opportunities where others do not; perceived risks are prohibitive to some and acceptable to others; the indeterminacy of the future opens up the possibility of myriad counterfactual worlds. Perhaps counterintuitively, uncertainty is not—or at least not only—an obstacle to the sustained momentum of the economy: it is also one of its preconditions. As proponents of general equilibrium theory, as well as Frank Knight and Joseph Schumpeter demonstrate, an economy with perfect information and fully rational actors would be a static one without time or inventiveness: the future would be known in the present and all exchanges could take place at once. In such an economy, however, no dynamism could take place; no profit would be made. Under conditions of uncertainty, this is not the case.

Time matters; uncertainty makes newness possible, and expectations of the future drive the dynamism of the economy. No one can know whether a counterfactual imaginary of the future present is "correct," and the only way to discover whether it is, is to move toward it. At the same time, any attempt to realize an imaginary influences the conditions for its success. Most innovations fail, but because the world is indeterminate, actors are free to imagine theirs will not. Their capacity to generate or adopt fictional expectations inspires them to seize imagined opportunities. When successful, the innovations that result add new value to the economy.

The final sociologically salient issue that emerges from the notion of fictional expectations is the politics of expectations. If the future is unforeseeable, then expectations are necessarily contingent; since no one can know what the future will look like, the number of possible scenarios to be imagined is infinite. At the same time, the future that *does* unfold depends on the decisions actors make in the present and will affect different actors in different ways. It is only logical, then, to conclude that actors in the economy have an interest in influencing other actors' expectations. By doing so, actors hope to orient others' decisions in directions they believe are

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favorable to their interests. This makes expectations a central element in the governance of capitalist markets.

The deliberate influencing of expectations is a key feature in all the empirical realms discussed in this book. In the realm of technological innovations, firms try to convince investors and other firms of the technological futures they envision in order to secure the financial means to learn whether their technological projections are technologically and economically viable. They may, in the process, weaken the positions of competitors pursuing other technological futures. In financial markets, investors attempt to convince other investors of their market predictions; when powerful investors announce their expectations, they do so in the hope that their assessments will generate enough momentum in the market to actually create the market prices they predict. The Keynesian beauty contest is not a struggle over the definition of beauty but an attempt to understand other actors' concepts of it. When banks hold equity in or grant loans to firms or states, they may forecast their debtors' futures in a positive light (sometimes too positively) in order to stabilize other investors' confidence in their assets. Increasingly, central banks have been using expectation management as a form of monetary policy. By shaping expectations about products, marketing strategists seek to convince consumers that a given product will satisfy their desires more than any other product can.

The futures projected in all of the above cases have profound implications for the development of the economy. It follows, then, that competition in capitalist modernity is in crucial ways a struggle over imagined futures. This contradicts rational expectations theory in its claim that attempting to manipulate expectations is vain because actors cannot be fooled. If we are to understand competition in the capitalist economy, we must ask why certain imagined futures prevail over others. And to answer this question, we must pay close attention to struggles over expectations, as well as to the power of the actors involved in these struggles. Competition, over economic theories and paradigms, over technological projections, or over the proclaimed symbolic features of a product, always takes place through the shaping of beliefs, ideas, hopes, fears, and promises. If a given imaginary of the future is to have credence, an actor must successfully influence others' expectations; being able to exercise that influence is one of the prime expressions of power in the economy.

This leads to another key observation. The performativity approach has been one of the most influential paradigms in economic sociology in recent

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years, Given that economic models, if widely shared, can have influence on the economy, and even give rise to a reality that mimics their assumptions, the conclusion that the economy increasingly resembles the representations of it made by economic models is still dubious. While this effect has been demonstrated in some carefully chosen cases, the broader empirical observations covered in this book point to a different conclusion: the models actors apply have a variety of real world effects, which constantly surprise players, forcing them to continuously readjust the assumptions of their models and generate new interpretations of the situations they face. Whether one hopes for it or fears it, there is little evidence that the future economy will ever come to resemble the world described in economic textbooks.

In addition, economic and financial models comprise only a few of the cognitive and normative influences on expectations and decisions in the economy. The scope of the investigation of the impact of cognitive structures on economic outcomes needs to be broadened significantly. Economic paradigms like Keynesianism and neoliberalism, technological projections, moral evaluations of consumer products, and beliefs in monetary stability are all part of the cognitive and normative base of economic decision-making, and they influence economic outcomes in often conflicting ways. If economic sociology is to focus on the role of cognition and norms, it must take into account all the classifications and categorizations that shape economic action, not just economic theories. Furthermore, a cognitive approach can explain economic outcomes partially only because cognitive devices are not the only factor behind economic processes: any comprehensive sociological theory of the economy must also take into account how expectations are shaped by emotions, social position, institutions, and the distribution of power in the economic field.

FUTURE RESEARCH

The significance of expectations to economic outcomes opens up an intriguing empirical and theoretical research agenda for economic sociology and political economy.[1] Imagined futures are part of the present assessment of a situation by actors and can thus be studied empirically. One finds them documented in the reports of analysts and forecasters, in company documents crafted to justify specific strategy decisions, and in reports in the mass media. Research may be qualitative as well as quantitative, including analysis of written documents or databases as well as interviews regarding stock

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market analysts' or rating agencies' expectations of the future performance of financial securities. Fictional expectations could be analyzed as the independent variable in research into their effects; they could be used as a dependent variable in research into how they are developed. Further empirical investigations of economic decisions in the fields discussed in Part 2 of this book could provide deeper insights into how certain imagined futures develop, and how they affect economic decisions.

Possible research topics are manifold: mergers and acquisitions, venture capital investments, decisions related to technology development, career aspirations, consumers' hopes surrounding the purchase of goods, the imaginaries associated with the introduction of the euro, the technological imaginaries of Silicon Valley entrepreneurs, or the strenuous efforts of central banks to establish monetary confidence, to name just a few. Another empirical field could investigate what Part 3 of this book calls "instruments of imagination." This includes not only forecasts and economic theories, but also business plans, accounting, strategies, and marketing. What is the role of these instruments in the creation of imagined futures and in the dynamics of capitalism? A detailed investigation of the role of the mass media in the emergence and diffusion of imagined futures is another possibility. Research in the social sciences on some of these topics already exists, but this book has sought to contribute something new: a unifying research perspective that focuses on how imagined economic futures can help explain the restless dynamics of capitalism. This provides a fresh perspective and an integrated agenda that draws together and extends many of the different angles from which some of these phenomena have been examined before.

The theoretical side of the research agenda suggested here would focus on the emergence and dynamics of imagined futures in the economy. Actors' expectations should not be understood in individualistic terms—neither as utility maximization, nor as hardwired cognitive distortions that prevent actors from maximizing returns. Instead, actors' expectations are shaped by their social, cultural, institutional, historical, and political backgrounds. How these expectations emerge, and how they are socially anchored, should be examined in far more detail than has been possible in this book. Topics remaining to be explored include historical and comparative research into how expectations develop over time, how they differ among countries, and their connections to actors' social positions and macrosocial conditions. From a historical perspective, how understandings were developed into the

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predictability of economic affairs, as well as the development of instruments of prediction are both rich fields of inquiry.

The influencing and shaping of expectations through the exercise of power is another theoretical issue discussed in this book that requires further exploration. To what extent can others' expectations be manipulated or even "steered"? Is it possible to "manage" expectations? If so, who can do so, and what are the counterforces to such efforts? Who constructs imaginaries, and what role do experts and intermediaries play in that process? How do imaginaries of the future become credible? Who are the "enchanters" of the economy? How are imagined futures used politically in the governance of economic affairs?

The question of the dynamics of imagined futures also requires further exploration. Evocations of the future are cyclical, and existing expectations are continuously being replaced by new ones that evoke new imaginaries. But the whole process of diffusion and collapse of imaginaries would need much more systematic scrutiny than it has been possible to exercise here.

It is equally important to learn more about how the future orientation of capitalism interacts with experience-based traditional temporal orientations in the economy, which do not simply vanish with the unfolding of capitalist modernity, but reemerge persistently in ever-changing forms. A much more detailed understanding of the distinction between risk and uncertainty is also necessary. Which situations are incalculable because of their uniqueness? Does calculation in such situations allow for better decisions or is it nothing more than a way to give actors enough confidence to make decisions? To what extent do institutional developments such as the enforcement of the market mechanism lead to more uncertainty, thus encouraging the evocation of imagined futures?

Finally, it would be fruitful to further investigate the way the explanation advanced in this book can be related to existing explanations for the dynamics of capitalism, such as theories of functional differentiation, evolutionary theories, and institutional theories. The emphasis on expectations here is not intended to exclude these well-established approaches; rather, it demands exploration of their relationship to the role of imagined futures in the economy.

The macrohistorical side of the research agenda would attempt to periodize the historical development of capitalism with regard to changes in its dominant imaginaries. Approaches in political economy have identified different control concepts of capitalism and different production regimes that

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show the evolution of capitalism as an economic and social form. Such a historical classification should also be attempted to describe different periods of capitalist development using the development of imaginaries as the demarcating aspect. During the spread of entrepreneurial capitalism in the nineteenth century, the production of new products and technologies occupied imaginaries and propelled growth. From around the 1920s on, imaginaries of consumption—supported by the developing marketing industry—provoked consumer motivation that drove aggregate demand. The making of consumer dreams became a force of production in and of itself. Since the 1990s, imagined futures have focused on financial markets, causing a further reconfiguration of capitalism, albeit one much less able to generate significant levels of growth. Such a *historical economic sociology of imagined futures* could also center on different actor groups such as workers, entrepreneurs, managers, consumers, or economists, in order to understand the trajectory of imagined futures with more specific reference to social groups. Research should demonstrate the immense effort dedicated to the creation of fictional expectations in the unfolding of capitalism and the different forms this effort has taken.

SECULAR ENCHANTMENT

Imagined futures help to explain capitalist dynamics and contribute to a microfoundation of political economy that reaches beyond rational actor theory. The social sciences have sought to explain the dynamics of the capitalist economy and the radical social transformations associated with it since the late eighteenth century. Many of these explanations point to structural changes on the macrolevel, such as new sets of institutions or the division of labor. But the capitalist economy, like any social formation, unfolds through actions by individuals that take place within the confines of a historically emerging social context. Any sociological theory of capitalist dynamics must demonstrate how the macrolevel and the microlevel are linked in the production of observed outcomes. Max Weber examined this question in his thesis on Protestantism, as did other major theorists of capitalism. Schumpeter drew attention to the role of entrepreneurs who attempt to force their visions of the future on the economic system. Similarly, Karl Marx's historical work paid close attention to the conflict between the moral economy of workers and the structural demands of the emerging capitalist system. Pierre Bourdieu's studies on Algeria in the 1950s explored how ac-

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tors dealt with the new logics of an economy driven by money, bringing the changing temporal orientations of actors in capitalist modernity to the foreground.

Ultimately, however, these eminent theorists of capitalism have a tendency to see the role of agency as secondary or insignificant when compared with the self-propelling forces of the structures of the capitalist economy. Weber and Schumpeter both postulate a specific historical trajectory for the capitalist economy. Weber describes how the motivations generated by Calvinist religious doctrines were the driving forces behind the emergence of modern capitalism, but these doctrines became superfluous once modern capitalism was set in motion. Weber used the famous metaphor of the "iron cage" to describe how actors become mere objects of the systemic powers of capitalism, once it is fully in place. Weber emphasized that the outcome of the capitalist economy might conflict deeply with the ethical demands of "material rationality," but he was convinced that modern capitalism would create a completely disenchanted world. Schumpeter ([1942] 2014) specified in his later work that entrepreneurs would ultimately be replaced by the dominant power of large bureaucracies, implying that capitalism as he defined it would ultimately come to an end. Marx, in his later writing, became increasingly committed to a reading of capitalist dynamics that saw the forces of production as the true determinants of history. Bourdieu, though his work places strong accent on agents, emphasizes habitus to explain action and thus downplays the contingency of agency.

By introducing the idea of fictional expectations, this book also intends to contribute to the reexamination of Weberian assertions about the disenchantment of capitalist modernity and the "iron cage" in which actors are confined. The book's investigation into the microfoundations of the dynamics of capitalism has sought to draw attention back to the impact of agents and to highlight the ways in which their behavior cannot be confined to structural forces, hardwired cognitive regularities, or rational calculation. In crucial ways, capitalism is animated by expressions of agency that are non-rational in the economic sense of the term. Imaginaries of counterfactual futures, pursued with non-rational inspirations such as fantasies, hope, fear, and desire, are a constitutive element of capitalist dynamics, but are only rarely given any serious attention.

Fictional expectations are assessments of the future that pretend the future will unfold in a specific way. Cognitive frames, norms, and emotions are crucial for motivating action based on these imaginaries. As numerous

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ethnographic and behavioral studies have confirmed, economic decisions, even in modern financial markets, are invariably made with hope, greed, fear, tradition, and familiarity. Modern consumerism reinvigorates the archaic when it produces brand fetishism that resembles the worship of totems described by Durkheim. Innovators indulge in utopian imaginaries of technological futures and pursue them against all odds. With the exception of fully automated decision-making processes, decisions in the economy cannot be detached from the evocation of imaginaries, nor from emotions and tradition. To use Weber's own vocabulary, the modern economy is not exclusively a realm of instrumental rational action; it is also a realm of affective, charismatic, and traditional action.

The concept of fictional expectations accounts for the role of hope and fear, as well as that of fantasy, newness, creativity, judgment, familiarity, and tradition in economic decision-making. Rationalistic approaches to the economy contend that such features are either inconsequential or relics of bygone eras that will vanish as capitalist modernity marches on. But the enchantment Weber believed would evaporate with the unfolding of capitalist modernity is still integral to the operation of the capitalist economy. At the microlevel, one observes "the presence of 'meaning' and 'tradition,' of the 'body,' of 'intimacy,' 'local knowledge' and everything else that is often thought to have been bred out of 'abstract' and 'rationalized' systems" (Knorr Cetina 1994: 6). If economic action is so closely interwoven with life-worlds, then the economy, like other social spheres, is made up of interpretations that are informed by social and normative contexts and shape imaginaries and expectations as to how the future will unfold.

The "hermeneutic construction of the economy" is also animated by the social structures of local environments and by the imaginaries they inform. This is particularly true in situations characterized by high levels of uncertainty, such as the profit-driven world of venture capital. Even there, where one might reasonably assume that desire for profit trumps everything else,

> people matter; their personal constitutions matter; their virtues matter. And the reason they matter has to do with the radical uncertainty of these future-making practices. You need to know about the virtues of people because there is little else you can rely on that is so durable and salient. While there is a clear link with the premodern modes of familiarity that some social historians and social theorists assure us is 'lost,' the reliance on familiarity and the personal virtues is no mere 'survival' of premodernity.

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> Such things don't belong just, or even naturally, to the premodern 'world we have lost'; they belong equally, or even especially, to the world of making the worlds to come. (Shapin 2008: 303)

Modern capitalism, in other words, is also animated by extra-technical, noncalculative assessments expressed as imagined futures.

The very term "fictional expectations" hints that under conditions of uncertainty nonrationality contributes to all economic action, even that which seeks to be purely rational. The idea of fiction can be used to locate the nonrational core of economic action in the investors, innovators, and consumers who enchant the market through their projections, rather than in religious doctrines driving individuals to fulfill their religious fates. Actors' practices and beliefs are a kind of *secular enchantment* of the world, which dovetails with Durkheim's hypothesis that modern society develops secular forms of the sacred. But while Durkheim's primary focus was on what he called the "cult of the individual" in political and social affairs, the focus here is on the role that secular forms of the sacred play *in the economy.* Credible fictional expectations are deeply held convictions. And, as is the case with religious classifications, fictional expectations in the economy are social projections upheld through collective practices.

Weber did not see the iron cage he predicted modernity would become in a particularly positive light. Indeed, he warned that it would lead to a loss of freedom. Representatives of the Austrian School agreed with him that modernity, with its large bureaucratic structures, was a potential threat to freedom, and argued that organizing the economy around markets was the only way to counter this threat. They believed that given the future's uncertainty and human fallibility, the market should be society's core institution, unfettered by regulatory interventions, since no central agency or forecaster can be capable of grasping the open future's many possibilities well enough to allocate resources efficiently. The market, in their minds, ensured not only economic efficiency but—far more importantly—protected human freedom, because in it, all individual initiatives were possible. This claim became the touchstone of economists in the Chicago School and of German Ordoliberals, and it informs much of economic policy implemented over the past thirty years.

Of course, the argument set out in this book is not the first to object to Weber's vision of the rationalization of the world by modern capitalism, nor to subsequent attempts by the Austrian School and others to

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institutionalize unfettered markets to preserve the freedom Weber predicted rational-bureaucratic capitalism would threaten. As Bruno Latour (1993) so famously put it, "we have never been modern." Gérald Bronner (2011: 4ff.) points out that the idea that the advancement of knowledge will lead to the elimination of beliefs is itself only a belief, which has its roots in the Enlightenment. The epistemological, institutional, and normative conclusions to be drawn from the observation that Enlightenment descriptions of modernity were inaccurate vary greatly, however.

A small group of social scientists and philosophers argue that the capacity to imagine is central to human freedom. These scholars, however, do not link this capacity to the market. Cornelius Castoriadis (1998), for example, shares Weber's normative concern with protecting freedom, but disagrees with his vision (as well as Marx's) of how modern capitalism will develop, arguing that assertions about rationalization and modernization as unifying processes are themselves attempts to silence history. Such assertions assume a kind of historic predestination, implying that the future cannot be altered through political action based on social imaginaries. This is, Castoriadis contends, a totalitarian understanding of history that falsely portrays complete control over social change as a credible possibility (Joas and Knöbl 2009: 416). Other social theorists plead in favor of the idea that imaginaries have the potential to emancipate by providing new horizons of possible action. Ernst Bloch (1995) makes one such argument in *The Principle of Hope,* and Albert Hirschman and Paul Ricoeur have written along similar lines. More recently, Arjun Appadurai (2013) identified aspirations and the orientation toward the future as a vital cultural capacity that allows actors to detect and navigate new opportunities. Unlike the economists of the Austrian School, Appadurai does not limit the ability to detect new paths to a small group of heroic entrepreneurs and the market; for him, the realization of aspirations does not depend on the operation of the market. Very much in resonance with Bourdieu, Appadurai points to the negative impact of the unequal distribution of resources through market mechanisms on the capacity to aspire in society. Developing this capacity is, for him, a highly desirable goal of social and political mobilization beyond the market.

The work of these thinkers raises the question of whether actors' creative responses to capitalism's uncertainty—imagined futures—can also be understood as a potentially emancipating force. With this question in mind, this book ends on a note of caution. Bill Sewell (2008) observes that capi-

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talism is an economic and social formation that continuously changes its concrete historical form while at the same time remaining perpetually the same. Capitalism is both hyper-eventful and invariable. New products are developed, new features of social life are commodified, and capitalism expands its geographic reach and widens the time horizons it brings under its control. But all this restless creativity is provoked by and perpetually repeats investments into new profit opportunities and the purchase of ever more goods—nothing more. For the most part, the fictional expectations that are pursued in the capitalist economy express no utopian aspirations for individuals or for society, nothing that reaches beyond the demands of capitalist accumulation. Capitalism's imagined futures reflect an endless striving to renew the capitalist principle of gain. Even the utopias that offered alternatives to capitalism, such as certain currents in the labor movement or the protest movements of the 1960s, have seen their imaginaries, as well as the practical activities they inspired, historically reincorporated into the capitalist logic. Capitalism, to maintain the stamina required for its dynamism, must be continuously "animated" by novelty. It thus depends on the creativity and imaginary power of actors, which sometimes articulates itself as resistance to capitalism itself. But in the end, none of that creativity ever sweeps away the principle of accumulation itself. Ultimately, imagined futures are all reincorporated into the inner logic of capitalism. What started as the hippie counter culture in California developed into the hyper-capitalism of Silicon Valley. As detached and even opposed as they may initially seem, imagined futures are in reality an integral part of capitalist reproduction. By including the creative potential of human imagination in the capitalist circuit, capitalist modernity draws it into the iron cage. But the cage of contemporary capitalism is more complex than the ideal type Max Weber once described. Modern capitalism entails much more than instrumentally rational actors and calculative devices—it includes the creativity expressed in imagined futures. The infinite new paths they propose are an indispensable part of the eternal process of capitalist renewal, which is fully contingent in its content, and is sporadically interrupted by crisis. This mixture of creativity and destructiveness was described many decades ago by the German-American theologist Paul Tillich in a single word: demonic.

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