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Transcending history's heavy hand: The future in economic action

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The Future in Economic Action

Jens Beckert and Timur Ergen



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Abstract

This paper discusses sociological analyses of the formation and role of expectations in the economy. Recognition of the social constitution of expectations advances the understanding of economic action under conditions of uncertainty and helps to explain core features of modern capitalist societies. The range of applications of the analytical perspective is illustrated by closer examination of three core spheres of capitalist societies: consumption, investment, and innovation. To provide an idea of core challenges of the approach, three major research questions for the sociological analysis of expectations are presented.

Keywords: action theory, economic sociology, expectations, firms, innovation, markets, social change

Zusammenfassung

Wie lassen sich die Entstehung und die Rolle von Erwartungen in der Wirtschaft soziologisch analysieren? Erwartungen sind sozial konstituiert. Der Rekurs auf Erwartungen trägt zum Verständnis wirtschaftlichen Handelns unter Bedingungen von Unsicherheit und zum Verständnis charakteristischer Wesenszüge moderner kapitalistischer Gesellschaften bei. Nähere Betrachtungen von drei Sphären wirtschaftlicher Aktivität – Konsum, Investition und Innovation – verdeutlichen das breite Spektrum möglicher Anwendungen der Erwartungsperspektive in der Wirtschaftssoziologie. Die zentralen Herausforderungen für die soziologische Analyse von Erwartungen werden anschließend anhand von drei wichtigen Forschungsfragen skizziert.

Schlagwörter: Erwartungen, Handlungstheorie, Innovation, Märkte, Organisationen, sozialer Wandel, Wirtschaftssoziologie

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Transcending History's Heavy Hand: The Future in Economic Action

1 Introduction

The core theoretical developments in the new economic sociology to date concern meso- and macro-level aspects, such as the role played by culture, groups, institutions, and networks in economic life. With few notable exceptions (Beckert 2002; Etzioni 1988; Swedberg 1998; Whitford 2002), action theory in particular has not been at the center of recent sociological theorizing of the economy. In this vein, the central programmatic argument of Granovetter's (1985) seminal founding manifesto can well be summarized as a plea to challenge conventional economic theory *not* with respect to models of action and decision-making, but by emphasizing the influence of social structures on economic outcomes (Swedberg 1997, 162).

The imagined-futures approach to economic sociology described in this paper takes a decidedly different approach. Building on arguments about how actors form expectations, it demonstrates how micro-level theory development can form the basis of a productive research agenda in economic sociology and contribute to the investigation of long-standing puzzles in the analysis of capitalist economies. As will become clear throughout our paper, this action-theoretical focus shall by no means deny the central explanatory importance of social structures in sociological analyses of the economy. Rather, we shall demonstrate how conceptual work on the micro-level may produce new insights into how and when social structures play a role in modern economies.

Unlike in economic sociology and political economy, expectations are a major explanatory factor in economics. Since the late nineteenth century, economic explanations have had at their core the idea that economic outcomes emerge from the aggregation of forward-looking decisions made by economic agents (Doganova 2018; Evans and Honkapohja 2015). In this sense, Andrew Abbott (2005, 406) characterized typical economic explanations as “precisely the reverse of the sociological ancestors’ plot, which looks back at the causes funneling into a final result. Economists focus not on the end of a period, but on its beginning; they study not the origins of an outcome, but the descendants of a decision.” Sociological approaches focusing on expectations in the economy pursue a similar explanatory strategy. They analyze how images of the future emerge and constitute social action. Compared with more established explanatory approaches

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in economic sociology, sociological analyses of expectations to date represent an unconsolidated and only loosely structured research field. As we document in this paper, the field is characterized, its youth notwithstanding, by a number of shared classics, common lines of argument, and unifying research interests.

We present the structure, potential contributions, and challenges of the field in four steps. Section 2 lays out the main argument and situates it in the relevant literature. Section 3 highlights selected empirical applications to the economy. Subsequently, we discuss core research questions of an economic sociology focusing on expectations in Section 4. Finally, Section 5 summarizes the argument and speculates about its future development.

2 Uncertainty and the social constitution of expectations

Unlike traditional societies, modern capitalist societies are characterized by a perception of the future as contingent, malleable by actors, and entailing open time horizons. As pointedly described by Pierre Bourdieu, traditional peasant communities typically live “in the very rhythm of the world with which [they are] bound up” (Bourdieu 1979, 27). “Nothing,” Bourdieu (1979, 8) conjectured, “is more foreign to the pre-capitalist economy than representation of the future ... as a field of possibles to be explored and mastered by calculation.” While possibly overdrawn in their stark juxtaposition (Tavory and Eliasoph 2013), change from strongly scripted to predominantly open relationships to the future in the course of capitalist development is now a widely-shared historical diagnosis (see Beckert 2016, ch. 2).

Beckert (2016) has argued that this historical transition in temporal orientations should be reflected in action theory, and especially in theories meant to explain economic action in modern capitalist societies. As such, the imagined-futures approach to economic sociology is historically situated. The analytical emphasis on the future is in stark contrast to the primacy of temporal orientation stressed by conventional sociological explanations of economic action. As summarized by Abbott, quoted above, typical explanations in economic sociology and political economy stress the malleability of social action by the past. What is more, explanations of social action highlighting actors’ orientation towards the future have often been portrayed as overly parsimonious and contextually simplistic. This was Emile Durkheim’s ([1893] 1984) strategy when he developed his analytical program in opposition to that of Herbert Spencer. “The past predetermines the future,” he polemically summarized his approach to the role of social norms (Durkheim [1893] 1984, 302). Imagined-futures approaches to economic sociology do not deny the influence of “history’s heavy hand” (Ikenberry 1994) on social outcomes. They rather try to develop a genuinely sociological approach to future-oriented action in capitalist economies and map the interplay between the effects of social structures, past experiences, and future orientations.

This approach is best summarized in contrast to modern economic theory. While there exists a rich lineage of thinking psychologically (and to some extent sociologically) about the formation of expectations in economics (Keynes 1936; Shiller 2019), modern financial and macroeconomics in particular build on models of “perfect foresight” (e.g., Lucas and Sargent 1978). Expectations in this influential view are individual beliefs about the future that make the best possible use of all available information (Muth 1961). In this sense, rational expectations are determined by sets of information and are objectively “correct.” They emerge from the optimal way of processing known information. While commonly meant as simplifying assumptions to ease macroeconomic modelling, applications of rational expectations-theory often entail plainly absurd depictions of economic foresight (Elster 2005), such as ordinary actors deciding on their present consumption based on life-course optimization.

By contrast, sociological approaches to the formation of expectations start not from information, but from uncertainty. They diverge in two important respects from economic notions of rational expectations: in their emphasis on expectations as cognitive devices and in their insistence that expectations emerge from social processes. Beckert (2016; see also Beckert and Bronk 2018) has developed the notion that a significant share of expectations in modern capitalist economies have a quasi-*fictional* quality. If future economic outcomes are fundamentally uncertain, but set expectations are necessary for economic decision-making and coordination, actors can typically be expected to rely on imagined futures as cognitive devices to enable economic action. Despite being known to be contingent projections in principle, imagined futures are often treated *as if* they were reliable forecasts of coming economic outcomes. Much-discussed examples of this process are macroeconomic forecasts and point projections. Even though they continuously fail as mere forecasts, they reliably work as bases for decision-making in business and government (Pilmis 2018; Reichmann 2018).

The second deviation builds on a related observation. In many economic situations, the idea that the formation of expectations is a problem of individuals projecting independent, quasi-predetermined futures is misleading. If the shape of the given future is itself influenced by the expectations actors hold when enacting it, forecasting activities gain a pragmatic character. Rather than a mere cognitive activity, neatly separated from and preceding individual action, the formation of expectations is an iterative social process (Emirbayer and Mische 1998). Expectations emerge from ongoing social processes in which actors articulate, negotiate, fight over, and provisionally adopt imaginaries of the future to guide social action. As intersubjective phenomena, expectations are typically embedded in narratives about the future (Garud et al. 2014; Mützel 2009). In its emphasis on the social, processual, and practical constitution of expectations, the imagined-futures approach is strongly influenced by pragmatist, and especially Deweyan, thought (Dewey 2008; Joas [1992] 2005; Strauss 1993). In its focus on social structures as structures of meaning and the social nature of interpretative processes, it takes important cues from phenomenological thought in sociology (Schütz 1932; Schütz and Luckmann 1975).

A good example of the social constitution of expectations is provided by the literature on promises in technological development, which since the 1990s has highlighted the key role of shared expectations. In their early stages, emerging technological fields are home to future-oriented sense-making activities. Much of this dynamic consists of interpretative conflicts over the acceptance of the uncertain promises of the respective technologies. As has been shown empirically, actors continuously try to nurture shared expectations in order to route resources and developmental possibilities in their favor. Shared expectations can feed into self-fulfilling prophecies and technological path dependencies (van Lente 1993). The emphasis on the social constitution of expectations distinguishes sociological approaches not just from models of rational expectations, but also from recent work in behavioral economics. While such approaches routinely acknowledge the presence of radical uncertainty, they focus on individual-cognitive coping mechanisms, rather than on social processes (Thaler 2000).

Sociological analyses of the formation of expectations aim to complement rather than compete with cultural, institutional, relational, and structural theoretical programs in economic sociology. They are complementary in two ways. First, social structures often shape expectations. To give just two examples, social position and embeddedness in communities have repeatedly been shown to influence not just actors' anticipatory capabilities, but also their aspirations and hopes (Bandelj and Lanuza 2018; Bourdieu 1979; Mische 2009). To the same effect, the institutional regimes of advanced capitalist societies have been shown not strictly to determine firm strategy, but to influence wider understandings of what business models count as feasible, profitable, and realistic (Herrmann 2008). In both cases, structures do not determine the concrete content and forms of expectations, but act in a way similar to Max Weber's (1946) *switchmen* in that they pattern interpretative processes loosely. Second, orientations towards an open future, imagination, and the social construction of expectations can be conceptualized as agents of social change in thoroughly structured fields. In the medium- to long-term, firms and markets in capitalism are notoriously dynamic social formations. As worked out by various literatures on innovation, there exist pockets for creative reconstruction of the action situation in capitalist societies, spaces for new imaginaries of the future that arguably are at the heart of this dynamic (Ergen 2018; Lester and Piore 2004; Stark 2009). The macro-sociological question of how to square the "restlessness" (Sewell 2008) of modern capitalist economies with their well-documented institutional and social embeddedness may be answered in part by the alternating temporal orientations of actors, organizations, and institutions (Beckert 2013).

Extending the micro-foundations of economic sociology and political economy with a sociological concept of expectations can help to specify how and when social structures influence economic action. One way of conceptualizing the relationship between expectations and cultural patterns, for example, is to think of expectations as mediators of the influence of culture on social action. If cultural patterns influence how actors interpret situations and formulate expectations, rather than provide straightforward scripts for behavior, culture's influence is filtered through situational dynamics (Swidler 1986).

To give just three examples, Angeletti's (2019) research shows how the use of economic models by French government planners did not have straightforward performative effects. Economic models framed how political actors thought about political feasibility and economic possibility, but left considerable room for administrators to develop creative strategies for economic governance. Ergen (2019) shows how Ronald Reagan's administration strategically used scenarios about national industrial decline to push tax reform through Congress. Contrary to the assumptions of scholarship on policy paradigms and the power of economic ideas (Hall 1989), the administration was then forced to abandon its neoliberal agenda and aid struggling sectors in order to live up to its promises of supporting domestic industry. Finally, Suckert (2020) argues that imaginaries of the future identity of Great Britain invoked by the recent campaign for *Brexit* narratively combine contradictory national traditions and memories. Promises about Britain's future economic identity creatively combined aspects from the country's history and tradition. Along those lines, a common theme of future imaginary focused empirical research is that cognitive devices, ideas, cultural imprints, and theories not only work through a cognitive taken-for-granted channel. They are put into action on the basis of contingent interpretations of the situation, improvisation, and projections of the future (Swidler 1986).

3 Expectations in contemporary capitalism

To illustrate the general sociological usefulness of analyses of expectations, this section briefly summarizes how they might help in thinking about core spheres of economic activity in modern capitalism. Drawing on Beckert (2016), we schematically discuss the role of imaginaries of the future in consumption, investment, and innovation and underline the argument with examples of empirical research. For reasons of space, we are highly selective in our presentation of spheres of economic activity. The spheres that would merit discussion but that we leave out include the expectation-focused investigation of money, of labor and the production process, of the state and the political system, and of organizations. Our focus on consumption, innovation, and investment is first due to the richness of empirical research on the role of expectations in these realms. Second we consider these fields to be particularly instructive examples of how the investigation of expectations may help to understand the dynamic nature of capitalist societies.

Consumption

Economic sociology has traditionally focused on the social constitution of consumption in its treatment of consumer behavior (Zelizer 2005; Zukin and Smith Maguire 2004). A large share of this research has tried to understand the workings of specific

products, categories, and markets, especially with regard to the influence of morality and the problem of quality uncertainty (Schiller-Merkens and Balsiger 2019; Karpik 2010). Very few works have tried to answer the more fundamental question of how to explain the seemingly endless demand for consumer goods and services that is historically unique to modern capitalist societies. Anthropological as well as historical literatures have long argued that premodern societies tend to minimize the effort necessary for quasi-stagnant consumption, rather than maximize their consumption possibilities (Campbell 1987). With few exceptions, answers to the puzzle of the dynamics of modern consumer societies are based on the idea that modern societies impute non-essential goods and services with symbolic value – with socially shared meaning capable of stimulating desires. Perhaps best-known, sociological classics such as Simmel (1957) and Veblen (1992), as well as of course Pierre Bourdieu (1984), strongly emphasized the positional value of consumer goods to explain the dynamics of modern consumer societies. Boltanski and Esquerre (2017) have recently proposed the notion of the *enrichment* of goods for their charging with symbolic qualities, in particular with historical references, regional associations, and socio-cultural connotations.

The sociological analysis of expectations contributes to this line of research. How can one explain the fact that actors are willing to incur costs – in terms of foregone leisure or savings – for the acquisition of such symbolic qualities? One answer developed by Beckert (2016, ch. 8) suggests that the acquisition and possession of goods promises to transcend the individual. Symbolically charged goods gain their attraction from a promise to connect individuals to society, specific social communities, regions, histories, or personalities. Significant parts of contemporary advertisement and marketing can be understood as attempts to convey such promises of transcendence for particular goods or brands and thereby constitute a specific form of future orientation of consumers. Modern consumer societies are significantly constituted by systems that create desires through promises and the planting of expectations (Illouz 2009).

A further, more mundane way in which the social analysis of expectations contributes to the understanding of the dynamics of consumption is found in the field of consumer confidence and macroeconomic expectations. The role of expectations about future macroeconomic developments and their effects on consumption have been at the core of macroeconomic debates from Keynes's *General Theory* through to the rational expectations revolution of the 1970s and 1980s. Under conditions of genuine uncertainty, “optimistic” or “pessimistic” outlooks have less to do with available information and their proper interpretation. Instead, they often take the form of general confidence and of emotionally charged “animal spirits” (DiMaggio 2002; Keynes 1936). Sociological research on the empirical distribution, emergence, and breakdown of consumer confidence represents a highly important research field. Sociologists have recently demonstrated that consumer confidence systematically varies by racial and ethnic background in the United States (Doherty Bea 2019), while economists are beginning to analyze narratives about the economy as independent variables in macroeconomic models (Shiller 2019).

Investment

The second component of aggregate demand besides private consumption – investment – is as strongly affected by the dynamics of expectations. Capital as well as financial investment in modern economies is ultimately determined by expectations about future profit streams. Hence, investors principally need to reckon with a multitude of uncertain future developments, such as product development, future patterns of consumer demand, competitors' investments, government policy, and broader social change – often over a period of a decade or more. Given the complexity of the task and genuine uncertainty over future developments, “boundedly” rational ways of decision-making have repeatedly been shown to be key to understanding investment decisions. Examples are investors' reliance on formal models, legitimating narratives, rules of thumb, and herd behavior (Akerlof and Shiller 2009; Arjaliès et al. 2017).

Three strands of recent research focusing on the social formation of expectations contribute to the explanation of investment decisions. While differing in their empirical subjects and methods of analysis, they all emphasize the role of stories about the future in structuring attention and sense-making regarding future profit opportunities.

A first strand of research focusses on the future-oriented sense-making activities of market actors. Individual industries as well as financial markets are today equipped with dense infrastructures that interpret market movements and endow them with shared meaning. Good examples of such infrastructures are specialized industry journals, roadmaps, surveys, and indicators published by trade associations, and financial analysts at banks and other financial intermediaries. In this vein, Meyer, Schubert, and Windeler (2018) show how global semiconductor manufacturing has been shaped by collective efforts to roadmap technological development along the supply chain (see also Gawer 2000). In this line of research, Wansleben (2013) has shown how the *Goldman Sachs*-invented acronym *BRICS* (Brazil, Russia, India, China, and South Africa) helped create a new category of developing countries believed to be on the verge of rapid growth. The expectations shaped through this new category henceforth structured global development discourse and investment flows. Based on an extensive ethnography, Leins (2018) has demonstrated that financial analysts consciously use stories about possible futures to give meaning to unstable markets and hence boost investment.

A second strand of literature investigates the narrative construction of investor sentiment. As mentioned above in the context of private consumption, investment is often contingent on a vague notion of investor sentiment and confidence. As can be shown empirically, swings in predominant narratives can change investment flows massively without preceding changes in economic fundamentals. Along these lines and based on quantitative text analyses, Beckert and Arndt (2019) show that the willingness to lend to the Greek state during the recent Euro Crisis reacted strongly to shifts in narrative about Greece's situation in the trade press. Given their importance for macroeconomic stability, such expectational dynamics can become the object of state intervention.

Braun (2015; 2016) traces the expansion of expectation-management by central banks as they increasingly run into problems of policy implementation. Findings documenting the narrative constitution of investor confidence are not limited to financial markets. Giraudeau (2012; 2018) presents historical insight into the function, use, and abuse of business plans in channeling investment. The use of quantitative techniques, he shows, allowed for the diminishing of doubts about the sustainability and future of the emerging DuPont venture among investors.

A third line of studies shows how stories about the future of products and sectors affect the flow of investment to competing ventures. Influencing such stories hence becomes part of the competitive process within and between firms and industries. Mützel (2009) shows how pharmaceutical firms competed for funding, niches, and prestige in the emerging market for breast cancer treatment with projected breakthrough-announcements in international trade journals. Ergen (2017) documents historically how competing actors in the energy sector fought over support for the nascent solar industry with competing narratives about the future of the technology. This case also highlights that expectations, even if commonly shared, do not necessarily have to have self-fulfilling consequences. As observed repeatedly in the history of industrial production, shared beliefs in rapid industrial development can be self-undermining if they lead to hesitancy in investing in capital equipment (Rosenberg 1976).

Compared with studies on private consumption, research on investment highlights that the social analysis of expectations is conducive to investigations of power relations, conflicts, and relations of domination. As pointed out early by Kalecki (1943), expectations can be at the core of power dynamics in capitalism. The ability to withhold resources at will on the basis of uncertainty about the future is among the major sources of social power, often called structural power (Hacker and Pierson 2002). Beckert (2016) has suggested the notion of the *politics of expectations* to emphasize the power struggles around imagined futures.

Innovation

The field of innovation is among the most obvious candidates for an expectation-based economic sociology. It is in innovation processes that modern societies most routinely debate uncertain long-term economic, social, and technological change. Moreover, innovative activity has long been described as not accessible to models of rational action due to the problem of conceptualizing deviance, ventures into the uncertain, and entrepreneurial imagination (Nelson and Winter 1977; Schumpeter 1912). Not surprisingly, sociological analyses of expectations represent a comparatively established field in innovation studies and the history and sociology of technology development. Research into imagined futures in innovation studies can roughly be subdivided into three strands.

First, innovations and associated socio-technical imaginaries usually have deeper and longer-standing social origins. A broad literature on the social life of socio-technical imaginaries traces the history of specific technological visions, their shifting support and form, and their final fulfilment or abandonment. A good example of this line of research is McCurdy's (2011) history of American spaceflight. It documents how imagined opportunities and dangers perceived from fictional literature and societal discourse interacted with political opportunity structures and scientific and technological developments, resulting in the eventual establishment of a massive public-private institutional complex. To a similar effect, Meikle (1995) shows how projections of the use of plastics in consumer goods production came to symbolize the rise of consumer society and fueled hopes of an end to the resource limitations on economic growth after the Great Depression. Jasanoff and Kim (2013) show how expectations about nuclear development, and in particular the thinking about opportunities and risks, were shaped by national understandings of state–society relationships, the law, and national development.

A second line of empirical research investigates the micropolitics of the social formation of expectations in technological development. A path-breaking study in this field is van Lente's (1993) history of the emergence of membrane technology. While almost an empty signifier at an early stage, interested actors tried to promote the “umbrella term” of membrane technology as a promising new field to safeguard resources and public support. In the process, conflicts and the emergence of competing factions over the field's possible futures significantly shaped its development.

Another often observed feature of the micropolitics of innovation processes is the problem of maintaining motivating imaginaries after major commercial failures. Socio-technical imaginaries can survive for decades and even centuries despite stagnant realization and major failures. Good examples of permanently failing but resilient technological promises are the “hydrogen economy,” solar energy, and nuclear fusion reactors. A study detailing how developmental communities try to manage expectations in the face of successive failures is Brown, Kraft, and Martin's (2006) study of promises of the medical potential of stem cells. Repeatedly since the 1950s, actors have tried to distance their development efforts discursively from earlier failed realizations to maintain public faith in their projects.

A third strand of research differs from most historical innovation studies in that it does not look primarily at how expectations are set, but at how the future is opened up and uncertainty generated. Contrary to the early writings of Joseph Schumpeter (1912) and much of recent economic theory on the subject (Alvarez 1991), which stress the individual entrepreneur, contemporary societies generate the majority of innovations in teams, organizations, networks, and institutions. Through in-depth case studies, Lester and Piore (2004) have developed the idea that the character of many of the most innovative institutions in contemporary societies is not centered on creating shared development goals, but on generating ambiguity and conversations between heterogeneous functions. Universities, corporate laboratories dedicated to basic research, and

development teams are arguably designed to create, rather than diminish uncertainty (Herrigel 2017; Stark 2009). Put differently, such arguments point to the social constitution of an *open* future, rather than to attempts to foreclose it with the help of promises and narrative.

4 Questions and perspectives of an economic sociology of expectations

Building on these exemplary insights into empirical research, we now describe some of the core research questions, frontiers, and challenges of the analysis of expectations in economic sociology. Again, we are highly selective for reasons of space. We schematically discuss three major research questions that we think are especially well-suited to develop the sociological analysis of expectations theoretically and bring it into discussion with other approaches in economic sociology.¹

Where do expectations come from?

A core question of all sociological analyses of expectations concerns their origin and emergence. As mentioned above, it is with regard to the emergence of expectations in particular that the imagined-futures approach promises to be highly complementary to established sociological explanatory programs. Expectations do not emerge out of thin air but from interpreted experience. If expectations are constituted intersubjectively, social structures should be key to understanding their emergence. Along these lines, major efforts are currently under way among contemporary historians to construct histories of the interplay between “experience and expectations” (Jakob et al. 2018; Levy 2017).

Major sociological pathways towards answering questions of emergence are attempts to understand variation in expectations between historical periods and societies. Probably best known are Bourdieu’s (1979) ideas on the differences in future orientations between traditional and modern capitalist societies and the related strains and conflicts of forced capitalist modernization through colonization. Observations of historical ebbs and flows of specific expectations, promises, and orientations towards the future are today particularly abundant in historical political economy. Literatures on policy paradigms and dominant understandings of economic governance point to the contingent character of ideas about effective economic management (Boyer 2018; Hall 1989). This strand of research has unearthed a broad variety of political and structural variables

1 A major concern that is omitted from this chapter is the question of methodology, a discussion of which can be found in a standalone paper (Beckert and Suckert 2019; see also the brief discussion below in the Conclusion).

conditioning beliefs in the efficacy of governance paradigms, such as state structures, coalitional patterns, electoral regimes, and national cultural traits (Gourevitch 1986; Hall 1989). At the same time, this literature has highlighted the central importance of “unsettled times” (Swidler 1986), such as bigger economic crises, for creative sense-making and cognitive reorientation (Blyth 2002). Recent historical and comparative research has tried to understand the sequential dynamics between economic structures, political shifts, and expectations (see also Ergen 2017). Chwiero and Walter (2019) argue that capitalist societies have increasingly been caught up in “Minskian” feedback loops since the Great Depression of the 1930s. Increasing aggregate holdings of wealth, expectations of voters that governments protect that wealth in times of crisis, and related moral hazards of financial institutions may help explain the growing financialization of capitalist economies.

A second major pathway towards understanding the emergence of expectations was also spearheaded by Bourdieu (1979). In multiple contexts he has argued that expectations may be socially stratified. This may be due either to class-based differences in the alignment between objective probabilities and aspirations or due to varying degrees of self-fulfilling aspirations. Challenging Bourdieu's structuralist explanations of expectations, Bandelj and Lanuza (2018) recently argued that embeddedness in communities may trump the effects of socio-economic background on young adults' economic aspirations. If robust, such results would resonate with the idea that social structures shape, but do not determine, expectations towards the future. Similar findings on the social structuration of the formation of expectations have been made for network structures (Prato and Stark 2013), race (Doherty Bea 2019), popular culture (McCurdy 2011), and broader cultural understandings (Jasanoff and Kim 2013; Suckert 2020).

How do expectations spread and gain momentum?

A related problem concerns how expectations are diffused, gain the power to influence thought and action, and stick. Emphasizing the openness of the future in capitalist societies and the imaginative capabilities of actors certainly does not imply that expectations are malleable at will. And it is probably safe to say that only an infinitesimally small array of expectations is effective in contemporary societies, compared with the endless possibilities of imagining an open future. If expectations are contingent interpretations of an unknowable future, what makes some of them more persuasive than others? Shiller (2019) has recently suggested using epidemiological models of contagion to understand the diffusion of economic narratives. While description of the shape and form of diffusion is certainly of prime interest to a sociology of expectations – and might at some point be an important means of testing competing theories – we believe the theoretical groundwork on the social mechanisms of diffusion and institutionalization is particularly promising.

A first promising research field starts from the observation that beliefs about the future in modern societies are to a significant degree spread by the mass and communication media (Shiller 2000). To this effect, Beckert and Arndt (2019) show how news coverage of the Greek debt crisis drove interest rates on Greek government bonds. Studies of the internal logic, selection mechanisms, and sense-making effects of mass media are surprisingly rare in economic sociology and political economy. While characterized by significant barriers to entry due to the specialized nature of media studies, the case-specific, comparative, and historical workings of the mass media in the formation of expectations holds great promise for sociological studies.

A second problem area concerns the role of experts, intermediaries, and certified knowledge (Pollock and Williams 2010; Pollock and Williams 2016). As documented extensively in economic sociology, the sociology of technology, and political economy, knowledge in modern economies is constructed in social systems of expertise, categories, and authority. Modern economies are densely populated by organizations whose purpose is the creation and dissemination of expectations. “Promissory organizations” (Pollock and Williams 2010), such as forecasting institutes, consultancies, public relations agencies, and think tanks, provide economic actors with coordinating narratives about future developments and with representations of the future role structure of markets. A good example of the organized production of authoritative expectations are the activities of credit rating agencies (Fourcade 2017; Rona-Tas and Hiß 2011). Rating agencies’ assessments of borrowers’ default risks have become a *de facto* standard on which actors throughout the global financial system base their decisions. More important perhaps, credit ratings standardize and legitimize expectations and help shift blame in case of disappointment. Instances of similar processes of the creation of shared expectations can be found throughout modern economies. A particularly interesting recent dynamic concerns the expansion of systems structuring the prediction of individuals’ behavior, such as the off-label use of credit ratings or the expansion of algorithmic systems in governance and government (Rona-Tas 2017; 2019).

A third and related field concerns the role of social power in spreading expectations. Power is crucial for the diffusion of expectations because of two aspects. First, actors uttering predictions may be believed to be powerful enough to render the given prediction true, which can lead to self-fulfilling prophecies. A good example of this process is ECB president Mario Draghi’s famous promise to do “whatever it takes” during the Euro Crisis, which ended speculative attacks on the currency without actual central bank interventions. Second, actors may possess the discursive resources to shift interpretations of how the future will unfold. Modern corporations, associations, and state agencies maintain elaborate professional repertoires to shape discourse. While equally endemic in other economic domains, the professional “management of expectations” has been singled out in research on central banks (Braun 2015; Wansleben 2018). In line with our claim that the analysis of social structures and expectations may be highly complementary, this strand of research in addition shows that central banks’ ability to durably influence expectations in society requires specific financial market struc-

tures. Market structures hence serve as the “infrastructure” for policy implementation. Braun (2018) captures the resulting entanglements between public and private actors in the notion of infrastructural power. Another good example of the power dimension in spreading expectations is Serafin's (2019) study of taxi drivers' resistance to market deregulation. While struggling to unite behind a common projection of the dangers of unhampered market entry initially, taxi drivers formed a movement behind charismatic figures which was then able to counter the projections of the future of the taxi market brought forward by politicians and factions in favor of liberalization.

While sociological studies of the emergence and diffusion of expectations have become fairly numerous in recent years, the fading away, breakdown, and abandonment of imaginaries of the future remains underexplored. Processes accounting for the death of expectations need not be mirror images of processes accounting for their emergence and hence might require distinct explanations (Haffert and Ergen 2019). Two rare empirical studies focusing on the decline of expectations by Beckert (2019) and Ergen (2017) point to the fact that interruptions of validating experiences and stuttering signals of eventual fulfilment may undermine promises and the momentum of related imagined futures. Beckert (2019) traces the recent decline of the political power of neo-liberal ideas back to the increasing elusiveness of promises of upward social mobility in the early twenty-first century.

The moral economy of expectations

Most theoretical arguments on the social constitution of expectations in economic sociology treat them as predominantly cognitive phenomena, related to the problem of uncertainty. Yet, projections of the future are regularly saturated with normativity and values. There exists a moral economy of expectations in modern capitalist societies. Larger technological projections usually present themselves as utopias or dystopias, new approaches to economic governance commonly include promises to overcome long-standing social ills, and business models regularly promise to cure dysfunctional structures and practices. The evaluative structures of expectations represent a vast and understudied research field. How do expectations become evaluatively charged? How do values, norms, and moral structures influence the emergence and spread of expectations and projective techniques? What does the prevalence of evaluatively charged imaginaries of the future in modern economies imply for theories of the “rationalization” and “dis-embedding” of contemporary capitalism?

Knowledge about the relationship between expectations and social values is particularly important as it should help to situate the approach in relation to classical accounts of the normative embedding of the economy. A good example of the insights gained from bringing together the two approaches is Zaloom's anthropological (2016; 2019) research on the ethical roots of household financial budgeting and planning. In a num-

ber of contexts, she shows how methods of family budgeting, and hence also families' investment activities in financial markets, respond to projected models of an ethical life – for example with regard to religious or intergenerational duties and “responsible” behavior. Closer investigation of the links between the cognitive and evaluative aspects of imagined futures may in addition help to develop the action-theoretical bases of the sociological analysis of expectations. As Miyazaki and Swedberg's (2017) work on hope demonstrates, expectations charged with positive emotions and visions of a good life can exert strong motivational and mobilizing effects on actors and social groups. The motivating force of aspirations and shared hopes for economic emancipation and a better life has also been captured empirically in recent research on the illegal and informal economy. Dewey's (2020) ethnography of the informal apparel industry underlying Buenos Aires's *La Salada* market demonstrates that shared aspirations can form the basis of the ongoing reproduction of social order in markets.

Studying the normative dimensions of expectations is a promising starting point to understand the political facet of expectations. For large-scale projections, the way in which they are developed and the question of who shall participate in their creation are contested political issues. By documenting the rise and fall of the field of professional future studies, Andersson (2018) has shown how the formation of expectations was a core ideological battleground in Cold War society. Rival methods of forming expectations and developing scenarios were at their core shaped by normative conflicts over who may claim control over the future of the global order.

5 Conclusion

The analysis of expectations in economic sociology is a comparatively young and unconsolidated research field. Today it is driven mainly by theoretical explorations and empirical projects that experiment with data sources that indicate actors' expectations and their influence on social processes. While certainly not without potential drawbacks, the field's current experimental character in terms of theory and methodology produces a considerable dynamism. As outlined in this paper, a number of loosely shared classics, research questions, and theoretical arguments structure the recent uptick of sociological interest in the future. To conclude, we want to highlight three wider frontiers of the research field: its connection to social theory, the methodology of studying the future, and the quest for a macrosociology of the economy.

The first frontier concerns the connection of the analysis of expectations to general economic sociology and social theory. As touched on above, knowledge of the connections between expectations and traditional sociological explanatory factors is largely of an exploratory and hypothetical nature. What is more, there is little systematic work on how sociological analyses of expectations may contribute to general social theory.

While contributions to the former issue can be expected to result from scattered empirical research, the latter is a problem for systematic theoretical work. More general implications of a sociological understanding of expectations exist with regard to understanding social order and social change in the economy, two constitutive issues for economic sociology (and sociology writ large). Sociological work on the problem of social order has traditionally been strongly shaped by an emphasis on the past, which is true for both general social theory and economic sociology (Beckert 2009; Granovetter 1985; Joas and Knöbl 2009). An absence of social norms, relational structures, and cultural imprints brings to the fore problems of coordination, collective action, and social conflict that would make orderly economic life impossible. One way in which the analysis of economic expectations might help in understanding social order may be its emphasis on the intersubjective constitution of the action situation. As outlined above, the formation of expectations can be thought of as a mediating process rendering social structures effective and shaping their effects on social action. As pointed out in rational-actor modelling (Axelrod 1984), as well as in pragmatist writings (Whitford 2002), shared expectations can be at the basis of durable cooperative relationships. The interpretation of situations as situations of joint gain or of conflict and competition is crucially contingent on actors' expectations about the future. Thus, the alignment and structuring of expectations can be thought of as essential for the ongoing reproduction of social order in the economy. A second essential benefit of recognizing the role of expectations in theories of social order is that it provides a pathway for understanding social change. As outlined above in our description of research on innovation, realignments of expectations can be responsible for actors' deviations from established paths of social organization. The analysis of economic expectations may have the potential to perform as a theoretical bridge between the understanding of the social integration of economic action and the social constitution of economic dynamism characteristic of capitalist societies. Embedding the sociological analysis of expectations in the economy in social theory remains an ongoing challenge for theoretical work in the field.

The second frontier consists of methodological challenges. In line with phenomenological sociology, the analysis of expectations in economic sociology implies a view of the economy that understands it as essentially a complex structure of meaning. How can structures of meaning and actors' interpretative efforts reliably be captured and reconstructed? Similar to attempts in network theory to conceptualize relational structures as constituted through stories (Emirbayer and Goodwin 1994; White 1992), imagined-futures approaches have often tried to capture sense-making activities with the help of qualitative analyses of discourse, such as firms' written communications, media reports, and documented speech and debate. As demonstrated by a number of recent studies, such interpretative methodologies can potentially also be combined with quantitative methods of analysis, for example on the basis of the large-scale hand- or machine-coding of textual material. A key challenge for the empirical analysis of expectations in the economy is that expectations need not be explicated and uttered to be observable in their effects on economic life. Core assumptions about the stability and orderly change of actors' identities, relationships, and institutions arguably operate on a taken-

for-granted level (Tavory and Eliasoph 2013). Expectations about the future may also be “inscribed” in material artifacts and tools, rather than made explicit. If structures of meaning exist in a variety of forms and layers and are more or less accessible for scholarly reconstruction, there exists a clear danger that studies may privilege more accessible manifestations of expectations. What is more, it remains a challenge for empirical research to establish causal links between clearly articulated expectations and their consequences for action and social structure (Jerolmack and Khan 2014). Differentiating empirically between the primacy of actors’ interests, cultural beliefs, and expectations beyond reasonable doubt is extremely difficult (and often futile) and requires careful research design. Analyses of expectations hence require a significant degree of methodological reflection and care (see Beckert and Suckert 2019, for an elaboration of the field’s methodological challenges).

Third, the analysis of expectations promises a pathway towards macrosociological insights into capitalist economies. The development of realistic microfoundations for economic sociology should not be mistaken to be oriented towards a primarily micro-oriented research program. As discussed above in the context of Pierre Bourdieu’s work, the potential contribution of a sociology of expectations to macrosociology should be obvious with regard to the historical characterization of economic action in capitalist economies. Capitalist economies are characterized by a historically unique conception of an open and malleable future (Beckert 2013). While there exist clear leads in the literature for how a sociology of expectations may contribute to modernization theory and historical macrosociology, the field still holds a wealth of possibilities for comparative and historical research. Less clear are the implications of a sociological notion of the formation of expectations in contrast with macroeconomics and its widespread reliance on the assumption of rational expectations. A developed notion of the formation of expectations and its interplay with social structures should provide a productive starting point to revisit major macroeconomic problems and theorems from a sociological perspective. Long-standing problems of macroeconomics, such as swings in consumer confidence and investor “sentiment,” cyclical movements of the economy, breakdowns of economic activity, and structural changes, are promising fields for a macrosociology of economic activity. Equally promising are sociological inquiries into influential economic policy convictions derived from modern macroeconomics, such as the “neutrality of money” and the “crowding out” of private investment by government expenditure. At their core, answers to these and related questions require hypotheses about how expectations are formed and how they affect economic action. A sociologically rich notion of expectations should hence provide a starting point for a realistic macrosociology of the economy.

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