

Interview with Jens Beckert on The Multiple Futures of Capitalism

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Convoco interviewed Jens Beckert about "The Multiple Futures of Capitalism". Jens Beckert is director at the Max Planck Institute for the Study of Societies and professor at the University of Cologne.

Convoco: In 2018, Convoco is discussing the topic "The Multiple Futures of Capitalism," with the aim of imagining the possible forms capitalism might take in the future. It is easier to invent the future than to predict it, and it is through visions that we invent the future. You have written a book examining to what extent "imaginaries" of the economic future contribute to the dynamics of capitalism. You talk about images of the future. What are "imaginaries" of the future?

Jens Beckert: The future only exists as an idea, as logically there can be no future facts. However, such ideas are enormously important for the way we act today. For example, we envisage that the Earth's climate will warm by more than two degrees if we don't reduce CO₂ emissions. This idea underpins current measures being implemented in climate change policy. Or we envisage what it might be like to finally have a certain consumer product—whether it's a new iPhone or a particular pair of shoes. This imaginary motivates our actions. Imaginaries of the future are decisive in all areas of society.

C: You quote the words of St. Augustine of Hippo: “The present of future things is expectations.” What effect do expectations have?

JB: Expectations fuel our modern capitalist economy. Actors—whether they are entrepreneurs, investors, or consumers—make decisions with regard to future outcomes, and in this way expectations guide actions. It is characteristic of the modern economy in this respect that the future is seen as open and unpredictable but at the same time as able to be influenced. Under these conditions, expectations are imaginaries of a future world, whose realization is equally dependent on actions in the present. Whether they actually are realized, however, cannot be foreseen.

C: You talk about “fictional expectations.” What do you mean by this?

JB: Actors imagine what the present will be in the future and build their expectations upon it. Investment in electromobility, for example, is based on the idea that electrically driven vehicles will replace the internal combustion engine. But no one can predict whether this will in fact happen. Investment in Tesla shares might be a goldmine or an unfounded speculative exaggeration. By investing, however, we behave as if the future will change in the imagined way. This as if applies both to expectations under conditions of uncertainty and to fictional texts. The author of a novel behaves as if the action described might actually take place or has taken place. It is in this sense that I talk about fictional expectations.

C: Is uncertainty one of the cornerstones of capitalism?

JB: The dynamics of capitalism are based on the perpetual creation of the new. Technological innovations in both products and processes characterize our economic history over the last 200 years. This newness is always linked to uncertainty. Decisions must be taken in the present, but

we cannot predict their outcomes. Herein lie opportunities but also risks. The dynamics of capitalism thus not only contains the enormous growth that has fundamentally transformed our societies, but also the recurring crises, most recently the 2008 financial crisis.

C: You regard expectations that arise under conditions of uncertainty as fictional. To what extent is irrationality involved here?

JB: Of course, economic actors try to calculate their decisions as accurately as possible. But behind many calculations lie assumptions that cannot themselves be calculated. One historical example makes this clear. Gottlieb Daimler once predicted that the German automobile market would not exceed one million vehicles, as there were simply no more chauffeurs. It never occurred to him that the cars' purchasers themselves would get behind the wheel. He conceived of the future as an extension of the past. Within the situation itself, we are unaware of the cultural influence of such calculations, an influence that would have to be glossed over to keep the narrative believable.

C: The capitalist economy expands our temporal horizon through the imaginary of the future. Can we say that in the economy everything is focused on the future?

JB: Yes, the modern world, of which the capitalist economy is a part, is completely focused on the future. Our actions in the present are motivated by ideas of the future. Every credit, every innovative project, but also our consumer habits, are characterized by this. In the case of consumption, this is known as "anticipatory consumption." In the modern world, the present and the past are repudiated. They are just a practiced reserve that feeds in part into the imaginaries of the future.

C: The sociologist Pierre Bourdieu regarded changes in the temporal order as a fixed component in capitalist development. Traditional societies saw the future as part of a circular repetition of events. In the temporal disposition of capitalism, the future is an open space that contains opportunities and risks. It is characteristic of capitalism that the actors believe in a future. How did modern capitalism's particular temporal disposition come about?

JB: Through cultural and institutional changes. In the Early Modern period, the Church lost its authority to interpret phenomena concerning the future. The future was seen as made by human beings. This is most clearly expressed in the narratives of progress created by the Enlightenment. At the same time, competition and the market were slowly emerging as allocation mechanisms in the economy. Competition forces economic actors to perceive the future as a change from the present. Everyone knows that competitors strive to improve their position through innovations and that this is what undermines one's own position in the market, and one has to prepare for this with one's own innovations. Present-day forms have no future. It's useless: in capitalism you have to focus on the unknown future.

C: To what extent do promissory stories about technological developments influence society?

JB: Innovations exist in the first instance as ideas. In order to generate investments, actors must believe in the promises of innovation, and to do this, they use promissory stories. Artificial intelligence is a good example of this at the moment. In these technologies, a promising future is seen as something that is taken up and fuelled by scientists, politicians, investors,

and journalists. The state and the large research organizations mobilize funds, companies invest, and researchers focus on this sector. Initially, however, these are just promises. But the promises, to the extent that they are considered trustworthy, motivate the investments. Artificial intelligence is a good example, as there was already hype about this sector in the 1960s—hype that then completely petered out.

C: What are instruments of imagination?

JB: By instruments of imagination I mean the social technologies through which economic actors develop plausible narratives of the future. Let's take marketing. The job of marketing is to create an appetite among consumers for products they don't yet possess. This takes place through telling stories that trigger imaginaries of a future life with the product. Marketing promotes anticipatory consumption. But economic forecasts are also an instrument of imagination. Predicting growth rates, inflation, and unemployment for the following year allows economic actors to build a picture of the future economy—a future present on which they can focus their decisions. It doesn't matter that these projections are frequently wrong. They are simply replaced by new projections that in turn provide a focus for action.

C: If expectations underlie the dynamics of capitalism, what can stop these dynamics?

JB: Excessive uncertainty and lack of interest. If investments seem too uncertain in their results, this creates what Keynes once called “liquidity preference.” Not enough is being invested and the economy falls short of its growth potential. On the demand side, lack of consumer interest would be fatal. If no one is interested in the latest version of the iPhone any more,

or if people think it's enough to own just one pair of sneakers, the dynamics of growth are weakened.

C: Which ideas are the enemies of growth?

JB: Ironically, capitalism's counter-reactions have not destroyed it, rather they have been integrated into it. The labor movement gave rise to the welfare state, and in many respects this is simply a huge market. The hippie movement in California gave rise to Silicon Valley, and the ecological movement of the 1970s gave rise to renewable energy companies. When capitalism was criticized for its exploitation of developing countries, the fair-trade labels were created. It would be really dangerous for capitalism if no one was interested in all the innovations any more, if we were to say, we've had enough.

C: How important are narratives for a society in general?

JB: We can only approach the world by giving meaning to the sense impressions that we experience. Meaning as a whole is constructed through stories, or narratives, through which we create order out of events. The same goes for how we perceive the social interactions from which society is constituted, and how we regard the future. Without meaning both society and the economy do not exist.

C: By introducing the concept of fictional expectations, you have in mind a re-evaluation of Max Weber's observations on disenchantment in modern capitalism and the imprisonment of actors within an "iron cage." Can you tell us more?

JB: Generally speaking, we see the modern economy as the epitome of calculation and rationality. Max Weber also saw it this way, and expressed

it in his famous phrase about the modern world as being an “iron cage.” But it is precisely when we want to understand the innovative and dynamic character of capitalism that this point of view reveals its limitations. Despite all the figures in its business plan, the innovative ideas of a start-up cannot be calculated rationally, but rather they are characterized by unsecured convictions and evocative excess. Joseph Schumpeter has a clear idea of this. For him, the entrepreneur is the person who pursues a project out of conviction, without being able to calculate the results. For him, the dynamics of capitalism have their foundations precisely in breaking out of the iron cage.

C: What are your hopes for capitalism today?

JB: I hope that the future of scientific and economic development might more fully reflect their consequences for the political community and for society as a whole. Here we might think both of the increasing social inequality in societies and of the consequences of smartphones for close social relationships. Where do we really want to go? I’m well aware that such a reflection and movement of society as a whole towards a differentiated society is at best wishful thinking. But you did ask me what my hopes are.

Jens Beckert, *Imagined Futures: Fictional Expectations and Capitalist Dynamics* (Cambridge MA: Harvard University Press, 2016).

Jens Beckert and Richard Brong (eds.), *Uncertain Futures. Imaginaries, Narratives and Calculation in the Economy* (Oxford: Oxford University Press, 2018).