

Imagining the future:

how economic actors form the expectations and beliefs
on which their consequential decisions depend

*Presentation at the Bringing Psychology & Social Sciences into Macroeconomics
Conference, HM Treasury*

October 1&2, 2018, London

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Agenda

EXPECTATION FORMATION UNDER UNCERTAINTY

An **OVER**-calculative view

An **UNDER**-calculative view

as actual situational work

(parts of economic sociology,
social studies of finance)

- **Fictional expectations**
- **Frames**
- **Conviction narratives**
- **Plausibility checks**

as calculative practice

(mainstream economics,
e.g. Savage's matrix, REH,
decision theory)

as embeddedness

(behavioural finance,
sociology, anthropology)

as AN INVESTMENT CHAIN

IMPLICATIONS FOR RESEARCH AND PRACTICE

An OVER-calculative view



- REH and its critics (*Muth 1961*)
- Modelling non-knowledge of the state space (unawareness) (*Dekel et al. 1998, 2001, Modica and Rustichini 1999*)
- Reflexive expectation formation (*Ehrig and Jost 2012*)

An UNDER-calculative view

- Heuristics (*Brighton and Gigerenzer 2012*)
- Imitations/cascading (*Bikhchandani et al. 1992, Shiller 2000*)



An integrative view

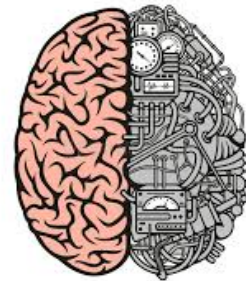
- Fictional expectations
(*Beckert 2016*)



- Frames
(*Beunza and Garud 2007*)



- Conviction narratives
(*Tuckett 2018*)

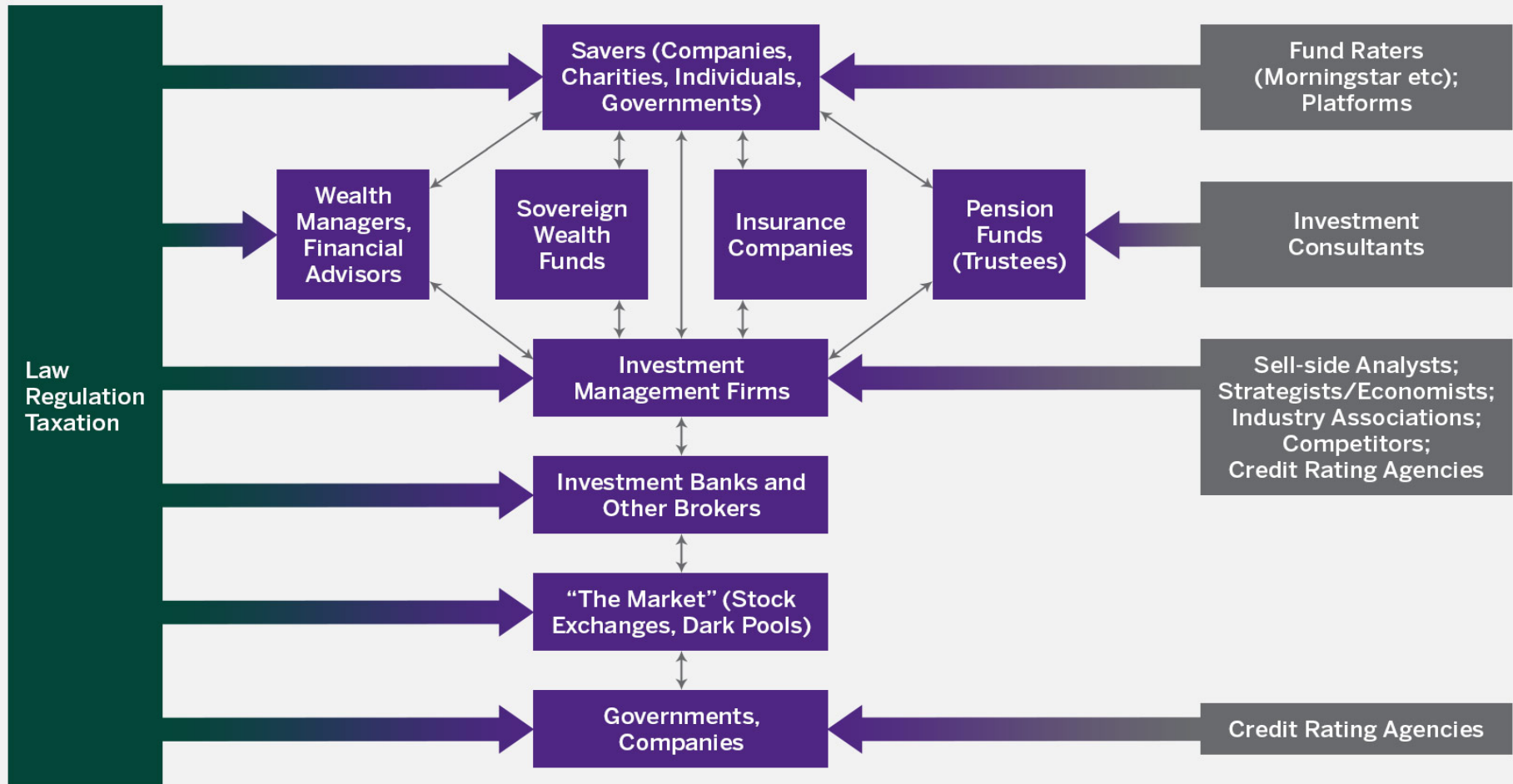


- Plausibility check of consensus
and plausibility check of models
(*Svetlova 2018*)



Expectation formation as an investment chain (Arjaliès et al. 2017)

Investment Management and the Investment Chain



Implications for the macroeconomic research

- How could *field-generated insights* help us to understand *dynamic aggregate economic outcomes*?
- How could *field-generated insights* be integrated into *economic models*?

THANK YOU

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