

**Towards a Theoretical Foundation of Animal Spirits:  
Probability, Uncertainty and Intentionality**

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***– Abstract –***

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## Towards a theoretical Foundation of Animal Spirits: Probability, Uncertainty and Intentionality

*Joachim Güntzel*

### - Abstract<sup>1</sup> -

The central role that uncertainty plays in Keynesian macroeconomics is widely recognized today. The same applies to the fact that Keynes, in his earlier years, paid great attention to a new and original conceptual foundation of probability. Last but not least, the term “animal spirits”, which has been used by Keynes in chapter 12 of the General Theory, has gained new attention<sup>2</sup> in the last years due to the need of a fresh understanding of human economic behaviour after the financial crisis of 2008.

But this notion is contrasted by the impression that there exists a certain gap between this newly recurred interest in the Keynesian concepts mentioned above, and a thorough theoretical investigation and – most of all – an integration of these concepts into a concise theoretical framework. This paper tries to make a contribution in order to fill this gap.

The paper poses – and tries to answer – mainly three questions:

- How can „Animal Spirits“ (A.S. in the following) be *conceived more precisely* than usual?
- How, particularly, can A.S. be connected with *Keynes' concept of probability and uncertainty*?
- How could a more general *philosophical foundation* of A.S. within the philosophy of mind (esp. the concept of *intentionality*) look like?

To achieve these goals, the paper is divided into three parts: Part one deals with the analysis by Akerlof/Shiller (2008), who mainly contributed to the new interest which Keynes' concept of animal spirits has gained in macroeconomics. It is argued that their conception of animal spirits is neither precise enough nor sufficiently connected with Keynes' thoughts about uncertainty and probability.

The second part, therefore, develops an approach to integrate animal spirits into Keynes' conception of probability and uncertainty. However, the specific characteristics of Keynes' analysis of probability – especially the impossibility of a probability calculation in every-day situations – have to be taken into account. The concepts of  $\alpha$ -attentism and  $\alpha/\beta$ -attentism, which are presented in this paper, propose an answer to this theoretical problem.

The third part tries to show a broader approach to animal spirits. The philosophical concept of intentionality – in the specification of John Searle<sup>3</sup> – is regarded as a proper framework to give animal spirits a solid foundation within the modern philosophy of mind. This is seen as a presupposition in order to further develop the concept of animal spirits into an important element of Post-Keynesian theory. Ultimately, this is aimed to be a contribution in order to develop a more general and more realistic picture of man, than is given by the dominating neoclassical concepts, as well as a basis for a constructive use of animal spirits within Post-Keynesian economics.

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<sup>1</sup> The paper is an enhanced and further developed version of a paper which has been presented at the 8<sup>th</sup> scientific conference of the German Keynes Society, on 18-19 February 2013 in Berlin. See J. Güntzel (2013): “Animal Spirits” und die Krise. Eine Auseinandersetzung mit der Analyse von Akerlof/Shiller vor dem Hintergrund von Intentionalität, in: J. Kromphardt, Weiterentwicklung der Keynes'schen Theorie und empirische Analysen, Schriften der Keynes Gesellschaft, Bd. 7, Marburg (Metropolis).

<sup>2</sup> See, for example, the book by Akerlof/Shiller (2009): Animal Spirits. How Human Psychology Drives the Economy and Why It Matters for Global Capitalism, Princeton (Princeton University Press).

<sup>3</sup> John R. Searle (1987): Intentionalität, Frankfurt a.M. (Suhrkamp) and John R. Searle (2002): Wie wir die soziale Wirklichkeit machen, Frankfurt a.M. (Suhrkamp).