This chapter offers a rather brief review of what we currently know about the role of narrative in everyday life and how emotion and feeling states influence how we think, particularly in groups. The treatment can only be frugal. The issues involved range across several disciplines and are immensely complex so it is impossible to do more than sketch out some possible lines of thought.

**Narrative in everyday life**

My four respondents had to commit to action in a situation where outcomes were uncertain. The fact that they supported their actions by telling stories weaving together reason and emotion to feel comfortable will, therefore, be unsurprising to many psychologists and cognitive scientists, let alone to social scientists or psychoanalysts. The word narrative has two etymological roots – telling (*narrare*) and ‘knowing in some particular way’ (*gnarus*). The two are so intertwined they cannot be untangled. Bruner (2003) uses this point to summarise the importance of narrative particularly for giving us ready and supple means for dealing with the uncertain outcomes of our plans and anticipations – citing Aristotle to note that the impetus to narrative is expectation gone awry – *peripeteia*, or trouble. Among other possible functions, narratives provide a vocabulary of meaning to support and legitimate action (Mills 1940) and to deal with misfortune.

The extensive academic literature on narrative ranges from modern cognitive neuroscience, through developmental psychology and studies of artificial intelligence, to social anthropology and literary studies, as well as to psychoanalysis. It is clear that telling stories is a fundamental human activity whose importance is increasingly recognised. In fact it is so automatic and so much part of human life that the ‘ways of telling and the ways of conceptualizing that go with them are so habitual that they finally become recipes for structuring experience itself’ (Bruner 2004). I shall draw attention to a few central
points about storytelling that may help in thinking about the findings from the last chapter and those to come.

First, from the narrative perspective the psychological concepts of selective attention and perception underlying the experimental results drawn on for the heuristics of behavioural economics should not be understood as evidence of error or faulty thinking. Current thinking across disciplines suggests the world is not out there waiting to be correctly represented inside us. Rather we find it as we act. We see the world as we set out to find in it what we are motivated to look for and much of the time it works (Berthoz and Petit 2008).

Second, the key point is that telling stories is part of planning. Plans are stories projected into the future. The case that they should be viewed as the elementary neuropsychic unit of human consciousness and action is not new. It was made 40 years ago (Miller, Galanter et al. 1960). Of course, planning clearly requires moderately well-established expectations about how nature works and, even more important, how others will respond. Plans, like the decisions Bingham and the others made in the last chapter, can succeed, become modified, or fail. When it’s the latter it’s either because we didn’t know enough or because of the way we knew things.

Third, the psychoanalytic concepts of the phantastic object and ambivalent object relationships that I have suggested are useful to understand behaviour in financial markets have at their heart the idea of unconscious phantasy. Looked at closely this concept is very close to what Miller and his colleagues mean by a plan. Unconscious phantasies are the basic building blocks of mental life conceived to exist on the boundary of biology and psychology (Spillius 2001). They can be thought of as providing an inner template of the stories we tell ourselves about ourselves and others and what we are doing and planning to do beyond immediate awareness. Beneath the surface of consciousness individuals are always imagining (enacting unconscious phantasies) of what is happening in their object relations with others. They conceive the imagined actions they are taking towards others or others are taking towards them. Unconscious phantasies accompany and help to endow with meaning experiences of gratification and frustration or indeed anticipations of either. They form the basic template for action whether in actuality or only in imagination. In object relations we are representing ourselves as doing such things as loving, hating, beating, fearing, humiliating, admiring, blaming, criticising, and envying others, and, of course, also imagining them feeling all such things towards us.

Fourth, the extent to which the mind works through narrative, in a metaphorical sense at least, now appears to be more extensive even than psychoanalysts conceived. The neuroscientist, Damasio, suggests that even our brains should be thought of as ‘natural storytellers’ (Damasio 2004). This is because, as in narrative, neural processes are dynamically and continuously organising our perceptions and memories by, as he put it, putting one thing in front of