

Chapter One

THE PROBLEM

NEOCLASSICAL ECONOMICS, even in its latest versions, ignores one particular category of markets. I therefore propose a set of tools and reasonings to describe this reality and to explain its function as well as its evolution.

These overlooked markets are markets of *singular*, incommensurable products. Far from being restricted to marginal realities, they encompass those exchanges governed by the search for a “good” or the “right” . . . fine wine, novel, doctor, lawyer, or consultant. More generally, these markets include works of art, haute cuisine, movies, fine wines, recorded music, luxury goods, literature, tourism, certain handcrafted items, personalized professional services, and particular kinds of expertise.

Neoclassical analysis ignores these singular products as singular products. Not deliberately, of course; this blind spot is the logical consequence of a theoretical framework whose universalism implies a definition of exchange products (goods and services) that, *in the end*, excludes all differential features but price.¹ For example, with the central distinction between standardized and differentiated products, singularities are lost in the mass of differentiated goods and therefore remain invisible. But once defined, they can be separated, and their exchange is regulated by a particular form of economic coordination irreducible to the orthodox market. We must therefore explore the *terra incognita* of the market of singular products, or what I will term the *market of singularities*, and construct the theory that will account for it: namely, the *economics of singularities*.

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This approach is part of a collective history that has spawned a diversification of market analyses over the last thirty or forty years. To neoclassical theory and its offshoots—which include, among others, transaction-cost theory, agency theory, and property-rights theory—must now be added heterodox economics—the theory of regulation, the theory of conventions, and neoinstitutional theory—and the development of the New Economic Sociology. In this book, I will draw some comparisons with these theoretical perspectives.

¹For the comparison between singularities and differentiated products, subgroups like *experience goods*, *search goods*, and *credence goods*, see chapter 3.

As its position is central, neoclassical theory will be our principal term of reference.² Simplified comparison of its concepts and principles remains the easiest way to highlight the differences and bring out the changes in the stakes and arguments associated with singular products. To be sure, neoclassical theory is a vast universe that is both diversified and sophisticated, but as long as our use of the term does not occasion misunderstandings—as long as we do not mistake for a global judgment what is merely a presentation that points out discrepancies and new elements—this rhetorical device can be useful; moreover, it does not exclude, when the occasion arises, a closer, critical look at one or another specific argument.



In the usual interpretation of the changes observed in the economy and society, the apparently irresistible extension of the market can occur only at the expense of all that borders on its sphere. This evolution was clearly outlined by Marx: “Exchange has a history of its own. It has passed through different phases. . . . Finally, there came a time when everything that men had considered as inalienable became an object of exchange, of traffic and could be alienated. This is the time when the very things which till then had been communicated, but never exchanged; given but never sold; acquired but never bought—virtue, love, conviction, knowledge, conscience, etc.—when everything, in short, passed into commerce. It is the time . . . when everything, moral or physical, having become a marketable value, is brought to the market to be assessed at its truest value.”³ And elsewhere he continued, “Objects that in themselves are not commodities, such as conscience, honour, etc., are capable of being offered for sale by their holders, and of thus acquiring, through their price, the form of commodities.”⁴

The market encounters its limit, and relentlessly pushes it back, in an exteriority that encompasses mainly—in French law—gifts, inalienable goods, and free things. Though the circulation of objects follows its own specific logic in the first case, it is subject to the prohibition of commerciality in the other two. This common taboo on the “capacity to circulate from one agent or actor to another”⁵ should not be allowed to hide the

²I will also call neoclassical theory *mainstream economics* or *orthodox economics* and will use the term *standard market* for the homogeneous/differentiated market which corresponds to that theory.

³K. Marx, *The Poverty of Philosophy*, trans. Institute of Marxism Leninism (Moscow: Progress Publishers, 1955), <http://www.marxists.org/archive/marx/works/1847/povertyphilosophy/index.htm>, chapter 1.1.

⁴K. Marx, “Money, or the circulation of commodities,” chap. 3 in *Capital*, vol. 1, trans. S. Moore and E. Aveling, ed. F. Engels (Moscow: Progress Publishers, n.d.), Marx and Engels Internet Archive, <http://www.marxists.org/archive/marx/works/1867-c1/ch03.htm>.

⁵I. Moine, *Les choses hors commerce* (Paris: LGDJ, 1997), p. 11.

differences: even with the consent of those who control their attribution, unlike free things, inalienable things, whether tangible or intangible, cannot be the object of a commercial transaction that would necessarily downgrade them. This absolute prohibition applies more particularly to the human body and to its detachable parts (organs, gametes), to subjective rights (those applying to the private citizen, such as the right to privacy and image rights), and to cultural creations, language, ideas, and works of art. The unity of this universe, often designated by the generic term *culture*, resides nowhere else than in the human person. This connection singularizes, whereas commerce leads to the system of equivalences. Legal systems vary according to time and place, but the principle of a separation between market and culture is found everywhere, even as past prohibitions are today being called into question.⁶ The dividing line is contingent.

The conflict between culture and the market is more alive than ever. Karl Polanyi noticed it.⁷ And more recently, the anthropologist Igor Kopytoff gave it a theoretical framework: things and people are not simply physical or biological entities, they are also cultural constructions, and the variations in their status compose veritable biographies. These processes are part of the general opposition between “commodities” and “singularities.” The first fall into the category of generalized equivalence; the second, whether they are goods, services, or persons, are “uncommon, incomparable, unique, singular,” incommensurable in sum, and consequently excluded from the sphere of exchange. The “career” of these goods is tied to the extension of the market, and singular goods—public monuments, museum art collections, the public patrimony, and a restricted form of exchange of end products such as medical care—can be preserved only by safeguarding them in state-protected “enclaves.”⁸ In fact, as soon as we concern ourselves with values, a great variety of reasons can be adduced to justify rejecting the market.⁹

The anthropological model, which underpins the antinomy between market and culture, has a long history and is still fully alive in today’s social sciences. Because it is binary, it is also radical: *singularity is preserved in culture and lost in the market*. In passing from the former to the latter, it can only be dequalified. This model lends intelligibility to the

⁶P. Steiner, *La transplantation d’organes: Un commerce entre les êtres humains* (Paris: Gaillimard, forthcoming).

⁷“What nature makes different, the market makes homogeneous.” K. Polanyi, “The economy of instituted process,” in K. Polanyi, C. Arensberg, and H. W. Pearson, (eds.), *Trade and Market in the Early Empires* (New York: Free Press, 1957), p. 261.

⁸I. Kopytoff, “The cultural biography of things: Commoditization as process,” in A. Appadurai (ed.), *The Social Life of Things: Commodities in Cultural Perspective* (Cambridge: Cambridge University Press, 1986), pp. 64–91.

⁹M. Walzer, *Spheres of Justice: A Defense of Pluralism and Equality* (New York: Basic Books, 1983), p. 97.

longstanding struggle between commoditization and singularization. It favors a representation dominated by the tendency toward the “boundless market”¹⁰ and, by its corollary, the inevitable impoverishment of culture and hence of the world. Nothing seems able to stem this dynamic, since all powers—state, administrative, scientific, and economic—join forces to relentlessly extend the sphere of calculativeness in the name of order, truth, technology, and economic wealth.¹¹ The market grows unremittingly, driven by the conversion of incommensurabilities into generalized equivalence.

From Max Weber to Oliver Williamson, Alfred Chandler, and Theodore Porter, not forgetting Georg Simmel and many others, the extension of calculativeness goes on unabated. Weber reminds us that this practice has existed since time began and that it is a constituent feature of capitalism, since it makes it possible to assess profitability, is rooted in accounting as well as in the separation between professional and personal patrimony, and becomes generalized with the rational organization of free labor, the progress of science and technology, and the development of rational law.¹²

Simmel advances that money—that “purely arithmetical addition of value units,” indifferent to the ends pursued, abstract and capable of unlimited reutilization, “the most terrible destroyer of form”¹³—incessantly expands the space in which quantities circulate. Chandler details the invention and development of the methods and techniques of calculation that, applied to production and sales, have enabled large corporations to calculate their costs, ensure their organizational coordination through budgetary techniques, forecast changing demand, and simulate the likely effects of pricing.¹⁴ Porter enlarges the study of “the culture of objectivity” from the market to science and public life,¹⁵ while Williamson exempts only relations between close relatives and friends from the

¹⁰V. Zelizer, “Beyond the polemics on the market: Establishing a theoretical and empirical agenda,” *Sociological Forum* 3–4 (Fall 1988): 620–622.

¹¹O. E. Williamson uses the notion of calculativeness in his article “Calculativeness, trust and economic organization” (*Journal of Law & Economics* 36 [April 1993]: 453–486) without formally defining it. Here it designates the constructed qualities that make it possible to bring goods and services within calculation.

¹²M. Weber, *The Protestant Ethic and “The Spirit of Capitalism,”* trans. P. Baehr and G. C. Wells (London: Penguin Books, 2002), pp. 13–31.

¹³G. Simmel, *The Philosophy of Money*, trans. T. Bottomore and D. Frisby (London and New York: Routledge, 2004), p. 272.

¹⁴A. D. Chandler, *Strategy and Structure* (Cambridge, MA: MIT Press, 1962); and *The Invisible Hand: The Managerial Revolution in American Business* (Cambridge, MA: Harvard University Press, 1977).

¹⁵T. M. Porter, *Trust in Numbers: The Pursuit of Objectivity in Science and Public Life* (Princeton: Princeton University Press, 1995).

calculativeness of the world that is the basis on which the universality of the economic science is grounded.¹⁶

This rationalization process has not always been regarded as beneficial. After examining its effects on economic efficiency, Weber voices his fears as to the extent of the accompanying change, which he superbly christens the “disenchantment of the world”: the disappearance of magic and religion, the loss of the sacred, the vanishing of the meaning of social existence.¹⁷ Simmel, for his part, depicts the rise of this “measuring, weighing and calculating exactness of modern times,” which is the reflection of “one who calculates in an *egoistic* sense,”¹⁸ and he makes it the bearer of impersonal relations dominated by indifference to others. As qualities are gradually converted into quantities, the world becomes more homogeneous, more impersonal, and more of a threat to the aesthetic, sensitive, and moral richness of humankind. And as the density of calculating agents and calculating machines is forever increasing, most of the authors do not conceal their pessimism: the loss of singularities is seen as the consequence of extending the market’s purview.



But what if this anthropological or historical model is considered to be unacceptable? Why should culture be kept outside the market? Why should we concentrate solely on the passage from the nonmarketable to the marketable? Why should *singularities not be part of the market*?¹⁹ Is it so certain that the contradiction between the two terms is absolute? And that they are so easily separated? After all, the social history of art shows just the opposite, but then it deals with only certain categories of activities, works, and actors. And yet it is from a general perspective that we must inquire into the modes of relation between singularities and the market.

One could be in favor of the exclusion of trade, of the certainties of inalienability, and/or of the ways and means by which the state refuses commercial exchange. But these choices do not justify confusing fiction with reality and, consequently, accepting the generalized and radical metamorphosis of skills and qualities as they enter the market. It is not a matter of denying the transformations associated with the passage of culture to market or of choosing between what should or should not be sold; it is a question of understanding how the market comes to ensure the

¹⁶Williamson, “Calculativeness.”

¹⁷Weber, *Protestant Ethic*, pp. 13–31.

¹⁸Simmel, *Philosophy of Money*, p. 444.

¹⁹The same remark is made by A. Appadurai in the introduction to Appadurai (ed.), *Social Life of Things*, p. 17.

circulation of incommensurable entities and thereby restores a reality that has been overlooked.

If singularities look likely to be swallowed up by the market, independently of any examination of the workings and outcome of the concrete process, that is also, and perhaps above all, the mechanical consequence of a mainstream economics that reasons in terms of homogeneous or differentiated products. Given this dichotomy, singularities can only be engulfed in the sphere of differentiation. And since it is then impossible to identify them as what they are, it is obviously impossible to follow their concrete transformations.

Knowledge of the relationship between singularities and the market will escape us as long as the concept of *singularity* has not been systematically constructed, that is, as long as a theoretical body has not been developed and its relationship with concrete reality been organized. The classical opposition between market and culture is not unjustified, but, far from being confused with the separation between inside and outside the market only, *this opposition is also located within the market*. And at the moment we do not possess the means to observe and explain it. A new analysis is needed, one capable both of recognizing singularities without necessarily disqualifying them and of making sense of a form of economic coordination ignored by neoclassical theory. The market of singular products should be *added to* the markets of homogeneous and differentiated goods. It justifies the elaboration of a specific theory that also entails ethical and political consequences.

Not only must this theory allow us to separate what is presently interwoven, to make visible a reality that is presently concealed in the sphere of differentiation, it must also lead to identifying the diverse causes that affect singularities. By abandoning the conception of a conflict centered solely on the relationship between market and nonmarket spheres and which, for this reason, conjures up such powerful global forces that humans are disarmed, the new theory restores their capacities for action. Internal market transformations are in effect linked to arrangements and actors that belong to ordinary economic and social life; they are no longer beyond the scope of a collective action that would aspire to keep the singularities in the world.

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The following presentation of the economics of singularities includes a construction of the conceptual system adjusted to the economic coordination of singular products and a comparison of the *coordination regimes* supported by studies of concrete markets.

Part 1 introduces the concept of singularity, without which this specific sphere of exchange cannot be delimited, and studies its relations with the old and new versions of neoclassical theory.

Part 2 presents the tools of analysis, which, taken together, describe and explain the economic coordination of singular products.

Part 3 tests a classification of coordination regimes by using it in the study of several concrete markets: fine wines, luxury products, movies, popular music, professional services, and some others. Part 3 also includes a chapter on price theory.

Part 4 is devoted mainly to some sociohistorical processes like desingularization and the relationship between the economics of singularities and democratic individualism.