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Cultural Economics and Economic Epistemology: some Preliminary Considerations.

Alain Herscovici *

Abstract

The works carried out in the 1980s and 1990s in Cultural Economics were premonitory in the sense that they raised problems that are relevant to question, from an epistemological perspective, the hardcore of the main theoretical matrices, and to analyze the evolutions of current capitalism, especially with respect to the different types of intangible capital and the growing financialization of economies.

In this article, I do not intend to analyze in detail the main theoretical debates that characterize the development of economic science. My aim, which is much more modest, is to show to what extent what has been considered to be the specificities of Cultural Economics allows us to contribute to these theoretical debates.

In a first part, I will explain the mechanisms that characterize the Cultural Economics, and show how, and to what extent, this economy allows refuting the substantial hypothesis used by the main theoretical matrices. In a second part, I will show to what extent the Cultural Economics implies the introduction of Historicity in economic analysis, and thus contributes to the main epistemological debates that have arisen in Economic Science.

Keywords: Cultural Economics -Substantial hypothesis- Historicity- Social Relations- Nature of Capital.

JEL Classification: B41- B25-Z1

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In the 1970s, Jacques Attali, a French economist, wrote a particularly innovative book: "Bruits". In this work, he defended the following thesis: the changes in musical aesthetics, in its modes of production and consumption, are premonitory in that they herald the most important sociological, political and economic changes in various capitalist societies.

The thesis I support in this paper is different: the problems specific to Cultural Economics herald and/or provide elements of answers to a series of theoretical debates specific to economics. The works carried out, in the 1980s and 1990s, in terms of Cultural Economics, were premonitory in the sense that they plotted problematics that are relevant to question, from an epistemological perspective, the hardcore of the main theoretical matrices, and to analyze the evolutions of current capitalism, mainly concerning the different types of intangible capital, the growing financialization of economies, and the nature of capital.

The seminal works of Bourdieu (1977, 1979), regarding the theory of cultural field production and the specificities of this economy, provide key elements to highlight the *intrinsic historicity of the concepts*, and to understand the recent evolutions linked to the development of different forms of intangible capital.

In a first part, I will show how, and to what extent, the different schools of thought adopt the substantial hypothesis and thus aim to elaborate an objective analysis of economic reality. I will explain the main mechanisms that characterize the Cultural Economics, and I will highlight the specificities of this economy; in this regard, I will highlight the explanatory limits of the main theoretical matrixes, in relation to the specificities of Cultural Economics.

In a second part, I will show to what extent such approach prefigures the works related to "relational economics", as developed by Akerlof, Grossman and Stiglitz, and allows to provide an alternative definition of the own object of Economics, as well as elements relative to two important debates in the History of Economic Thought: the famous Cambridge controversy concerning the nature of capital, and the analysis of financial markets.

I) The substantial hypothesis and the pseudo-objectivity of Economic Science

1) *A component proper to the different theoretical matrixes*

1.1 Most analyses stemming from classical labor value economics and neoclassical economics are based on the implicit or explicit hypothesis that commodities or exchanged goods have an intrinsic value and/or qualities (Foucault, 1966, Dumont, 1985, Orléan, 2011).

The adoption of this hypothesis corresponds to the progressive autonomization of the field of economics, to a desire to "objectify" economic science and to define its object. As far as Classical Economics is concerned, the rupture is definitive with Ricardo and Marx: Economic Science defines itself objectively, independently of subjective and moral judgments (Herscovici, 2023).

Dumont (1985, p. 119) writes that Classical Economics, " (...) tends to conceive the economic process as being rooted much more in a substance (production, labor) than in relations."

Orléan assimilates the construction of a theory of value to the substantial hypothesis: " The economic tradition calls "value theory" those approaches that attempt to discover the secret of mercantile exchange in the hypothesis of a "substance" or quality that gives goods an intrinsic value" (2011, p. 24).

Value is an objective fact, which can be measured and quantified, independent of any subjective judgment and any social and historical specificity:

"Mercantile value in the way the economic tradition conceives it, is radically distinguished from other social, moral, aesthetic or religious values, by the fact that they present themselves as an objective and calculable magnitude, independent of the actors and their relations." (Orléan, 2011, p. 52).

Besides the differences between the classical and neoclassical approaches, the main reference matrices elaborate an economy of magnitudes in which the historical and social dimensions are totally absent, with the exception of Ricardo and, obviously, Marx.

1.2 Such objectification can be defined from several dimensions:

i) Economics is conceived as an autonomous science, as it has progressively managed to isolate, in the set of social productions, economic activities, which corresponds to the definition of its object of study.

ii) In parallel, Economic Science has emancipated itself from religion, moral and politics, in the sense that it excludes from its field of investigation the different value judgments:

(a) In Classical Economics, more specifically with Ricardo and Marx, economic value is defined from the direct and indirect quantities of labor. The natural price, or production price, is determined from these quantities of labor, and constitutes the value to which market prices converge.

(b) In Neoclassical Economics, which is based on the subjective theory of value, the preferences of agents are exogenous and constant. The homogeneity hypothesis is one of the characteristics of pure and perfect competition. Such hypothesis can be summarized by the following relationship:

$p = f(q)$, p as price, and q as quality, with $f' > 0$.

Thus, *quality is an intrinsic characteristic of the good or service* exchanged in the market, and prices provide the relevant information regarding this quality. There is no uncertainty with respect to quality (Stiglitz, 1987); price allows one to evaluate this quality, contracts are complete, and the subjective theory of value relates to the subjective utility that each agent attributes to this quality (Lancaster, 1966).

(c) Finally, the subject who performs the observation is, by nature, neutral: he is an impartial spectator who is able to discover the eternal "truth" that characterizes the reality studied (Fournier, Rigal, 2007, p. 3.)

In short, this conception of Economic Science wants to appear objective, in the sense that it is free of moral judgments, subjective by nature. This conception is related to the methodological determinism inherited from Kant, Descartes, and Leibniz (Herscovici, 2022), and to the classical episteme defined by Foucault (1966); from such a perspective, the laws revealed by Economic Science are, by nature, universal, and reveal the fundamentals of human nature: in "primitive" societies such as they were conceived by Smith (1776) and Ricardo (1821), the different tribes act as capitalists: hunters and fishermen maximize their product with exchange in mind. All works of anthropology and economic history have clearly shown that these so-called primitive societies are not regulated by such mercantile mechanisms (Godelier, 1969, Braudel, 1985).

2) The specificities of Cultural Economics

2.1 Autonomization of the cultural field and capitalism: the myth of the cursed poet

Works linked to economic history and economic anthropology (Dumont, 1985; Foucault, 1966) demonstrate that capitalist society is an inherently individualistic society, in contrast to holistic societies. The individual is regarded as an autonomous agent and is entitled to certain inalienable rights, including the rights of expression, religious freedom, and political freedom, among others.

Conversely, the sociology of culture (Bourdieu, 1977, Moulin, 1983) demonstrates that the archetypal figure of the creator emerges and flourishes within the capitalist system. During the Middle Ages, the majority of artistic creations were anonymous. The artistic product is not associated with an artistic individuality. It is noteworthy that Schumpeter draws a parallel between the innovator and the artist (1942, pp. 170–171).

Copyright was gradually established during the 18th and 19th centuries. The progressive commercialization of artistic productions resulted in the generalization of

these rights and a limited subsumption of artistic labor to capital (Herscovici, 1994), due to the specific characteristics of these activities.

The autonomization of the cultural field is the result of the degeneration of the structures of the *Ancien Régime* and the development of capitalism. The autonomous individual is a product of these developments, with the emergence and historical development of capitalism. This is how the theory of art for art's sake emerges. The artist, as an individual creator, seeks to liberate himself from the political and religious powers of previous regimes, claiming his "freedom of creation." In the domain of artistic production, the criteria for legitimization are produced by the field's own rules, and not by rules established by external bodies. The value of the artist's work is determined by such rules. The legitimacy of the artist's work is contingent upon the assessment of their peers. Artistic value cannot be reduced to its commercial value.

In this context, the myth of the cursed poet is born, and the field of production that characterizes erudite culture develops. This formal game is an expression of pure Kantian taste, in opposition to "vulgar" taste. This illustrates the origins of modern art and its apparent separation from other forms of social power.

From a long-term historical perspective, it can be argued that, in a capitalist system, the social validation of artistic work is contingent upon its economic validation within the cultural marketplace.

The paradox can be stated as follows: on the one hand, the creative artist asserts his freedom and autonomy, and on the other hand, this autonomy is threatened or at least constrained, by economic validation.

Such paradox is analogous to that which arises in the political sphere, concerning the various ways in which democracy and individual rights can be defined. If capitalist society is unable to guarantee a basic level of social justice with regard to income distribution, the freedom of the individual who does not benefit from a minimum income is necessarily constrained. This limits their ability to exercise certain rights, particularly those pertaining to health and education. In this regard, Raymond Aron (1965) demonstrates that formal freedom, which corresponds to the inalienable rights of

the individual, cannot be implemented without real freedom, in terms of material living conditions. Conversely, in authoritarian regimes, individuals may enjoy genuine autonomy but are nevertheless deprived of formal freedom with respect to political and religious rights (Herscovici, 2024). A parallel can be drawn with the social condition of the artist, as the two cases examined here illustrate a fragile balance between these two forms of freedom.

2.2 *The concept of production field*

The concept of production field, in the sense defined by Bourdieu (1977), constitutes the starting point of these analyses. The field of artistic production presents the following characteristics:

i) it is a social space that benefits from a relative autonomy, which allows it to create its own rules, specific modalities of legitimation and, consequently, of social validation. The agents that act in this field have to previously accumulate symbolic capital to reach a dominant position within the field, to be able to convert this symbolic capital into economic capital.

The formation of this symbolic capital determines the use value, by nature subjective, of cultural goods (Herscovici, 1994). This use value depends on the decoding capacities of the different agents, that is, ultimately, on the social structures that determines these capacities, or cultural "competencies."

The competition between the artistic producers operating in the field consists of a struggle to accumulate this symbolic capital, to acquire legitimacy and thus to dominate this social field.

The field of production is an intrinsically historical space. *The temporality of the field of production* can be described as follows: at a certain moment, certain producers aesthetically and economically dominate the field, producers that Bourdieu qualifies as classics. These classics are the artistic schools, or the producers, who have achieved a dominant position.

The competition between artistic producers is translated by the entrance of new producers that, in a certain period, represent the vanguard: they are dominated, as they lack legitimacy. The temporalization of the field appears from the following mechanism: the vanguard begins to acquire some legitimacy, and it will progressively replace and eliminate the classics. The vanguard becomes classical, the old classics are expelled, and a new vanguard appears. The succession of artistic schools and artistic producers provokes this kind of movement.

ii) *There is no intrinsic quality of the goods, that is, cultural goods have no intrinsic value*, either in their cultural and aesthetic dimension or in their economic dimension. This value changes over time, according to the temporality of the production field.

This historicity is a manifestation of Van Gogh's paradox (Herscovici, 2014). The question can be formulated as follows: what is the economic value of a Van Gogh's painting? This value ranges from zero to infinity: during his lifetime, Van Gogh did not sell any paintings, while nowadays, the value of these works is particularly high, as the result of an intense international speculation.

2.3 Cultural good and economic theories.

What is the economic value of a Van Gogh painting? Economic theories are unable to provide elements of an answer:

- Regarding Classical Economics, value cannot be explained from the labor theory of value, i.e. from the quantities of labor required for its production. More generally, Classical Economics rejects use value as its field of investigation:

i) Ricardo (1821) makes explicit the fact that his theory of value does not apply to specific goods whose production cannot be increased from increased quantities of labor, which is the case with cultural goods:

"Some goods have their value determined only by their scarcity. No labor can increase the quantity of such goods (...). Their value is totally independent of

the amount of labor originally required to produce them, and fluctuates with changing wealth and preferences of those who wish to own them." (Ricardo, 1821, p. 43 and 44.)

ii) Marx (1894) also excludes use value from his investigation, stating that the use value of the commodity depends on its intrinsic properties.

Use value constitutes a precondition for the formation of exchange value, and exchange value is determined from a quantity of abstract (homogeneous) labor. Marx shows that the law of value, in the capitalist system, transforms concrete labor, which determines use value, into abstract (or socially necessary) labor, this abstract labor determining exchange value (Herscovici, 1994).

The economic specificity of cultural goods manifests itself in the following way: *cultural goods are valued according to the concrete labor applied in their production*, that is, according to the legitimacy of the cultural producer, at a given time. There is no transformation of concrete labor into abstract labor, and the law of value linked to labor value ceases to be explanatory; the value of these goods is determined independently of the quantities of labor required for their production.

iii) On the other hand, and for different reasons, Neoclassical Economics also fails to explain this Van Gogh's paradox. Within the methodological individualism that constitutes one of the main components of this theoretical matrix, the interdependence between the different agents is ignored: each agent makes its decisions independently of the other agents, and the Walrasian auctioneer, from a process of *tâtonnement*, coordinates the multitude of individual decisions (Orléan, 2011).

The dynamics of the production field, the way it has been defined by Bourdieu, is incompatible with methodological individualism: cultural consumption is essentially defined from a logic of social distinction (Bourdieu, 1979), which is incompatible with the foundations of methodological individualism. On the other hand, competition between different cultural producers is translated by a logic of differentiation: the avant-garde is defined in opposition to the classics, erudite art in opposition to popular art, etc. The concrete modalities of competition are intrinsically relational, in function of this logic of differentiation.

iv) It is necessary to emphasize the intrinsically random character of the economic valuation of cultural goods.

In the framework of classical theory, the natural price (Smith and Ricardo), or the production price (Marx), represents a regulator: it is the value by which the market price necessarily converges. This natural price is determined from the quantities of labor (Smith, 1776).

Nevertheless, such a regulating price does not exist in the economy the cultural sector; in the absence of such a regulator, the value of cultural goods is particularly unstable, which accounts for the speculative dimension of these markets. In Ricardo's (op. cit.) words, the value depends on the random and volatile tastes that characterize this type of demand.

As far as neoclassical theory is concerned, the profit maximization of the producer is characterized by the equalization between marginal cost and marginal product. This assumes that the economic universe is ergodic, i.e., that producers are able to evaluate, ex-ante, the marginal product. Given the random character of the valuation of cultural goods, it is impossible to evaluate this marginal product. Here also, the equalization between marginal cost and marginal product cannot be realized, which translates into the instability of this value.

The absence of a regulating value, a "strange attractor" towards which market prices would converge, makes these markets characterized by a very pronounced instability, which favors the emergence and development of highly speculative behaviors. Value is highly volatile, and it is the product of social relations within the production field; *this value fluctuates as these social relations change over time.*

The modes of remuneration of labor have been established according to this random valuation: in most cases, artistic labor is not remunerated in the form of wages. The performer is remunerated only for the performance provided, regardless of the labor provided outside this performance. There is thus a partial externalization of labor power, a "reserve army" whose reproduction is not assured by the firms. Remuneration of labor is conceived as the intellectual property rights, that is, as a function of random revenues.

On the other hand, because of the specificity, that is, the uniqueness of the labor and the product of the labor of the artistic producer, the artistic producer occupies a monopoly position, a socially and economically constructed monopoly. In his early works, Bourdieu (1977) qualifies the various artistic entrepreneurs, journalists, critics, etc., as symbolic bankers: they enable the implementation of the symbolic accumulation necessary for subsequent economic validation. The artists, i.e. the apparent producers, thus occupy a monopoly position: should they succeed, they recover part of the monopoly income thus created.

Finally, there is an opacity of the price system, because these prices do not reveal the qualitative components;

- this quality is essentially subjective and historical. It cannot be evaluated from objective criteria. In any case, competition among artistic producers is implemented outside of prices, from an aesthetic and/or mediatic logic (Herscovici, 1994).

- The speculative dimension makes quality dependent on price; a high price corresponds, according to a logic of social distinction, to an increase in demand. This is an ostentatious consumption; in the fine arts, for example, the production of limited series reflects this logic, scarcity maintaining the effects of social distinction inherent to cultural consumption. Nevertheless, the myth of the cursed artist translates the opposite trend: the absence of mercantile value would be the proof of the aesthetic value of the work.

II) From Cultural Economics to "relational Economy"

Contemporary capitalism is characterized by the development of various types of intangible capitals: finance, in its speculative dimension, firms operating in the area of information technology, play a growing role in contemporary economies.

With regard to finance, mainstream economics tries to maintain the substantial hypothesis: these analyses deny the existence of financial speculation (Fama, 1988), as

well as information asymmetries, claiming that the value of financial securities converges to their *fundamental value*.

Neoclassical economists interpret internet economics as a concretization of Walrasian competition and claim, for example, that the performance of Big data is a neutral tool whose purpose is only to learn more about individuals' preferences (Varian, 2013).

1) *Towards a "Relational Economy"*

1.1 *The refutation of the substantial hypothesis*

The theoretical matrices that adopt the substantial hypothesis are no longer able to explain the mechanisms governing the current "Google Economy": this economy is essentially "relational", due to the modalities of social use value formation: The demand externalities that characterize this network economy (Katz and Shapiro, 1984) clearly show that the use value necessary for the economic valuation of services depends directly on the relationships between consumers/users; on the other hand, the information produced by users is subsequently collected, codified, and traded in big data markets: creation and expansion of advertising markets, exploitation and sales of data used for political and/or economic purposes (Herscovici, 2021 (a)).

In summary, *social relations constitute the central element of this Economy*: an economy of relations progressively replaces an economy of magnitudes. In this economy, the value created is directly determined by audiences, that is, by the creation of networks of users (and the externalities that correspond to this type of structure), and by the exploitation of the data collected by digital platforms.

It is no longer possible to determine "objectively" the value thus created, nor to claim that this value is an intrinsic characteristic of the goods and services produced. This value is particularly unstable, and determined by particularly versatile social relations. In this relational economy, no good or service has an intrinsic value: this value is determined from the prevailing social relations. This brings us back again to the theoretical problem of value and Van Gogh's paradox (Herscovici, 2014); economic theories are unable to provide elements of an answer.

The answer is found in the sociological analysis of the field of artistic production: value can only be defined, at a given historical moment, as a function of the power relations that characterize the field, and depends on its symbolic value, that is, on the position of the producer in that field (Bourdieu, 1977). *A symbolic good has no intrinsic value, but this value changes over time, depending on the evolution of power relations within the field.*

In this sense, the works linked to the Economy and Sociology of Culture were premonitory: the sociological and economic mechanisms that characterized cultural productions were specific and limited to this sector. Nevertheless, with the developments of the different forms of intangible capital, they generalized to most economic activities, including speculative finance and social networks.

1.2 Economy of Culture and relational economics

The concept of relational economy was first elaborated by Keynes, with respect to financial speculation, and systematically developed by Stiglitz, in the context of the Information Economy he elaborated.

Without going into the details of this author's analysis, I want to highlight the fundamental mechanisms of this analysis:

i) quality is not an intrinsic characteristic of goods and services. The efficiency wage theory clearly shows that the quality of labor depends directly on the price, i.e. the wage; when the price increases, the quality also increases.

Lancaster (1966) considers that the competitive price system is a reliable signal for providing information about the objective characteristics of goods; this is the objective dimension. The subjective dimension manifests itself with regard to individual preferences: the same characteristic corresponds to different levels of utility, depending on the diversity of individual preferences. The goods are merely the material or immaterial supports of the utilities exchanged in the market.

From this perspective, the social, historical and relational dimensions are considered exogenous. However, any market presupposes the existence of certain conventions, that is, implicit or explicit rules, in order to exist and function concretely. *The market cannot exist without prior socialization*, language being the most obvious example; the concrete existence of the market implies the prior existence of common knowledge (Arrow, 1986). From such perspective, quality, in its objective dimension (what Lancaster calls characteristics) constitutes an intrinsic feature of goods.

In the presence of information asymmetries, prices fail to disclose all information regarding these qualities (Akerlof, 1970). The same type of observation can be made regarding quality in its subjective dimension: in the model of Grossman and Stiglitz (1976), the same price variation will be interpreted differently by different groups of agents. The fact that these authors thus refute the postulate of homogeneity means that quality no longer constitutes an intrinsic characteristic of goods, that is, that *quality is no longer an exogenous variable*. The efficiency wage theory clearly shows that the quality of labor is an endogenous variable, due to the fact that it depends directly on the price, i.e. the wage.

In the neoclassical model, information is one-dimensional: a prior social convention determines, before agents act, the quality of goods . Under these conditions, the postulate of homogeneity is verified: quality no longer depends on inter-individual relations, and competitive prices allow us to know, ex-ante, the qualitative components of these goods.

2) Cultural Economics, Immaterial Capitalism and History of Economic Thought

The seminal works that studied and defined the specificities of cultural goods (a) allowed to question the pertinence of the tools elaborated by the different theoretical matrices, the very definition of the economic universe and the object of study (b) provided particularly adequate elements to analyze the intangible economy and all the forms of intangible capital linked to it and (c) posed again, after the Cambridge controversy, the problem linked to the aggregation of heterogeneous capitals.

2.1 The definition of the object: scarcity

The very definition of the object of study of Economics shows that there is no consensus regarding the own definition of the field of investigation of this Science. Robbins (1945, p. 83) defines the object of Economic Science as the efficient allocation of scarce resources with alternative uses: “Economics is the science which studies human behavior as a relationship between ends and scarce means which have alternative uses.” This object is constituted by scarce means that must be rationally allocated, that is, from the maximization of certain objective functions.

For neoclassical economics, this scarcity is natural, that is, devoid of any historical component. This feature is justified from the substantial hypothesis. In the construction of aggregate production functions, of the Cobb-Douglas type, the scarcity of production factors is evaluated based on the ratios between the amount of capital and the amount of labor; this assessment in terms of quantity presents itself as the most obvious expression of the universalization of analysis, its “objectivity” and its scientific status.

In Ricardo's analysis of differential rent, on the contrary, the scarcity of the best quality land causes the appearance and increase of the relative share of land rent, and the fall of the relative share of profit. The cause of this mechanism lies in the “Development of society and wealth” (Ricardo, 1821, p. 97), a development that directly translates into an increase in the demand for wheat. As Sraffa wrote (1925, p. 37): “The characterization of the Ricardian theory, acknowledged by us as fundamental, i.e., assigns an economic cause rather than a physical cause to the diminishing productivity (...)”. Ricardo's analysis incorporates this historical dimension: scarcity is, by nature, social and historical, while it is conceived as a natural fact, in neoclassical analysis ¹. We can observe *a frontal opposition between schools that incorporate this historical dimension and those that refute it in the name of universalism* (Bharadwaj, Schefold, 2017, p. 24). The analysis in terms of episteme (Foucault, 1966) aims to highlight the historicity of different systems of thought and, consequently, their relativity.

The refutation of the intrinsic value of goods hypothesis constitutes one of the foundations of the Cultural Economics: this value depends on its scarcity, and this scarcity on the symbolic accumulation carried out by the different artistic producers.

¹ For similar reasons, it is possible to state that both Marx and Keynes conceive scarcity as a social fact, not a natural one.

This scarcity is translated by a monopoly rent, of which the artistic producer can take advantage.

The dynamics of the field of artistic productions allows us to state unambiguously that scarcity, the foundation of the aesthetic and economic value of goods, is not an intrinsic characteristic of the goods; it *is the product of the social relations* that, at a certain period, characterize the social field studied. In this sense, it is, by nature, historical.

2.2 *The uncertainty concerning quality: artistic goods and financial speculation*

2.2.1 The postulate of homogeneity constitutes one of the plunders of standard neoclassical economics: prices provide all information concerning the quality of goods and services. In this sense, the price system is transparent.

As far as cultural goods are concerned, prices do not reveal the qualities of the goods, and this for the following reasons: prior symbolic appropriation, appropriation which determines utility, depends on the categories of perception proper to different social groups, and to the social distinction mechanisms between these different groups.

Establishing a parallel with Stiglitz's and Grossman and Stiglitz's analyses, it is possible to state that price imperfections exist (a) because prices do not provide reliable information about artistic quality (b) because these goods are subject to differentiated evaluations by different consumer groups. From this perspective, the existence of information imperfections necessarily translates into information asymmetries, these asymmetries being incompatible with the efficient markets hypothesis (Grossman and Stiglitz, 1976).

2.2.2 I will now draw a parallel between these cultural markets and financial markets. In all these cases, the problem concerning the determination of value and the modes of regulation of these markets arises.

As far as finance is concerned, we are in the presence of two theses:

i) mainstream economists (Fama, 1998, Tirole, 2016) deny the existence of financial speculation and information asymmetries. The price system *instantly* provides all the information needed by all agents to predict the return of the financial asset. The fundamental (real) value of the asset is defined as " (...) the expected earnings in terms of dividend, updated by the current interest rate. These dividends depend on the profits realized by the company in the real sphere" (Tirole, 2016); this fundamental value represents the intrinsic quality of the financial asset.

Market regulation is explained as follows: when the deviation between the market value and the fundamental value exceeds certain limits, the bubble bursts, and this real value converges back to the fundamental value. The fundamental value thus represents the market regulator, a regulator that is determined in the real sphere (Herscovici, 2019). In this case, *quality is an intrinsic characteristic of the asset* that allows the market to be regulated, limiting the amplitude of fluctuations and nullifying the possibilities of speculation.

ii) Keynes (1936), in the General Theory, proposes an alternative explanation: first, he refutes the existence of a fundamental value and, contrary to the mainstream analyses, explains the mechanisms inherent to financial speculation. Starting from the parable of the beauty contest, he shows that (a) value is fluctuating and determined from a cumulative mechanism of self-fulfilling prophecies (b) Such cumulative mechanisms are explained from the relationships between the different groups of agents (c) information asymmetries exist as speculators guess, before the general public, the evolution of demand (Herscovici, 2019).

The endogenous dynamic is as follows: in a first moment, speculators buy a financial asset, according to their expectations of return. The general public interprets this price increase as an increase in the return expectations of the asset, which causes an increase in demand. This cumulative dynamic acts until the crisis and recession; at this stage, the same mechanisms act in the opposite direction.

These mechanisms are the same as those observed by Cultural Economics:

(a) there is no intrinsic value of the goods exchanged in the market; *this value is endogenous and determined by the relations between agents.*

(b) There are information asymmetries as the same price variation leads to different expectations formulated by different groups of agents.

(c) Competitive prices are not able to regulate the market, much less maximize its social efficiency. Speculators buy the security when its value is still low, and resell it when its value has increased; but this value has increased due to the increase in demand from the general public. Speculators thus realize financial capital gains. The loss of the general public, due to information asymmetries, is explained by the fact that they buy the security when its value has already increased and resell it when its value has already decreased.

2.3 *The nature of capital*

Cultural goods are by nature heterogeneous, and this heterogeneity depends on the specificities of the labor applied in their production. This allows us to question the analytical categories elaborated by the different reference matrices:

i) labor cannot be considered as a homogeneous factor of production. Contrary to the assumptions used by Baumol and Bowen (1967), in their model of unbalanced development, it is not possible to construct a production function that has the following form:

$Y = f(L)$, Y as the output and L as the amount of labor used.

The aggregation that makes it possible to express L and Y implies that labor and the product of this labor are homogeneous. And, precisely with regard to cultural goods, the specificities of the labor applied in the production process are translated by the specificity of the goods produced. Given the intrinsic heterogeneity of labor and product, it is impossible to aggregate, in quantities, both inputs and the outputs.

Any attempt to aggregate components that have different qualities makes it necessary to express these different components in a common unit of measurement: from an

economic perspective, this common unit would be the economic value, that is, the market value. Once again, Van Gogh's paradox arises.

Today, this problem resurfaces, concretely, in relation to all intangible assets: patents, trademarks, intellectual property rights: how to determine their value? There is no objective criterion from which this value would be determined. In the case of the Google Economy (Hercovici, 2021(a)), the economic value is determined from the social utility of the network, that is, from the number of users. This value is particularly unstable, and it is determined by the social relations that constitute the foundation of this network; thus, the value is not constant over time, it changes according to the evolution of social relations that characterize the network.

The very concept of "relational" economy, as elaborated by Stiglitz (Hercovici, 2019), highlights the preponderant role of social relations in determining the economic value of immaterial goods and services.

ii) We find, in a slightly different form, a problematic similar to that which emerged in the 1960s with the Cambridge controversy, which leads to the refutation of the Cobb-Douglas production functions and the main hypotheses adopted:

-a) The value of an aggregate quantity of capital cannot be constant; it varies as social relations change, i.e, as distributive variables change. This leads to refuting the entire architecture of neoclassical macroeconomics (Hercovici, 2021(b)).

-b) the law of marginal factor productivity and production is not verified: the production of intangible capital (research and development, human capital) is a cumulative process: the growth rate of output depends directly on the initial stock (Romer, 1986, Nelson, 2003).

-c) similarly, for the different components of demand, marginal utility is not decreasing: due to the intrinsic heterogeneity of goods, this marginal utility is increasing.

iii) As a result of these economic specificities, the modalities of income distribution between capital and labor have changed radically:

-a) Contrary to the Walrasian concept of *service producteur*, or the remuneration of the factors of production according to their respective contributions to the product (Clark, 1891), it is not possible to associate a given income with an aggregate quantity of labor: in the case of cultural goods and, more generally, immaterial goods (information, scientific production, technological innovations), it is impossible to reason from a homogeneous quantity of labor. The same observation applies to capital.

-b) More concretely, the remuneration of labor is not on a wage basis, but it is externalized. In regard to intellectual property system, the producer of the immaterial good, according to the specificities of his work, receives a part of the revenues that come from his monopoly rent. There is *both a partial externalization* of labor and a sharing of the risk inherent in the random valuation of these goods and services. On the one hand, this mechanism benefits the producers who have the greatest legitimacy: reputation of the company, "fame" of the artist, scientist or lawyer, and so on. Such mechanism is also employed in services activities, when labor is low-skilled: this contributes to the precarization of certain segments of the labor market, with regard to low-skilled jobs and goods and services with little added value: uberization illustrates this perfectly.

-c) Finally, to this heterogenization of goods and services corresponds a high instability, notably with the formation of speculative bubbles (in the 2000s, the bubble of the .com companies). The partial externalization of the labor force has to be interpreted as a modification of the nature of the modes of remuneration: faced with growing instability, labor becomes a variable cost for the companies that use this input.

Final Remarks

Until the 1960s, Culture was essentially the object of sociological or aesthetic analyses, ignoring the economic dimension proper to this type of production; from the 1970s, economic analyses of this sector were developed. However, the explanatory value of these analyses was limited to this sector.

Today, the issues addressed by Cultural Economics are related to an increasingly important part of social production activities, those linked to the Internet, social networks, and the development of all forms of intangible capital, especially financial speculation.

These problems also provide relevant elements for participating in the theoretical debates that characterize the evolution of Economic Science, and the main epistemological questions arising from these evolutions. In this sense, the works linked to Cultural Economics were doubly premonitory.

Likewise, they allow to question the scientific pertinence of the different paradigms in force in Economic Science and to broaden the reflection concerning the nature of capital and its modalities of valorization.

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