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Olivier Assouly: What exactly is an economic model? Is it an imperative of economics as a science or merely the reflection of the reality we observe?

Pascal Morand: An economic model is a focussed representation of the real, that relies on the key concepts of economic science, the activities of production, consumption and exchange and the allocation of rare resources. Creating models comes from the scientific principle according to which a proposition must be refutable in order to be scientific. So it is essential to precisely define the conditions necessary for the proposition to be effective. The main issue is to try to avoid armchair arguments, boring generalities and to accurately outline the field of analysis. The risk being of course, that this voluntary limitation can lead to the neglect of important parameters. For example, the consumer theory most often referred to by economists comes from the work of the neo-traditional economists and is at the source of the conceptualisation of the balance between offer and demand and the fixing of prices by the market, which is very important. But the theory implies that individuals have structured and stable tastes, which can be disputed.

O.A: Do typical economic models exist?

PM: Economic science has a number of groups of models. Thus, the models that cover international trade rely on a micro-economic approach linked to the formalisation of the general balance of the markets; macroeconomic models, used to simulate the effects of economic policies, are often Keynesian in origin, etc. The development of new models, within a given paradigm, takes the form of extensions from a clearly identified base, from a hard core. Sometimes, real ruptures occur that go beyond the usual improvements and additions. This is not the sole preserve of economic science. For example, quantum theory caused a total upset in physics, Einstein declared at the time that he refused to believe that God played with dice.

O.A: To what extent does the current move towards an economy of the immaterial – that must be redefined – create a need to stand out from the traditional models?

PM: First of all, it is clear now that long-term growth relies most notably on the production of knowledge. The theory of growth with the work of economists such as Philippe Aghion for example, has made huge progress. It influences debate enormously and is notably one of the reasons behind the realisation of the need for the reform of third level education in France, having shown that countries that lead the way in terms of technological progress (the high-tech frontier) invest more in third level education than in secondary education. This is the opposite of what is happening in France today.
A second point is taking into account the impact of information and communication technologies in production, consumption and the organisation of markets. It is universally recognised that the textile industry is the first to have been affected by the intensification of this process, and by the dismantling of the value chain that has followed. This mechanism is becoming widespread today with the increase in outsourcing and off shoring, in all sectors. It is most probably from the Princeton economists led by Richard Baldwin who have provided the most complete analysis to date. Conceptualisation does not mean creating models though. This is far from finished as far as I can see and the efforts must continue, as they are necessary for a fuller understanding of the issues at stake and the consequences of the information technology and organisational revolution that we are currently experiencing.

Finally, the immaterial is also linked to understanding the new perception of consumption, and here we must refer to marketing and the human sciences. It is within this context that a part of marketing literature has concentrated on branding, and that consultants see this as the best way to stand out from the competition. The human sciences have also been examining the subject for a long time. Why has this now taken on a new importance? On the one hand, because consumers need more and more entertainment and reasons to dream as an incentive to buy, given the plethora of products and services available. On the other hand, the fact of positioning itself in entertainment, fashion, luxury, etc. is an effective means for western business to stand out in a globalised market. This means falling back on strategies of seduction, detecting hidden expectations, knowing how to surprise without upsetting. In short, it means understanding people, never an easy task. Reducing man’s relationship to games, pleasure, ostentation and dreams to mathematical equations is a vain and laughable ambition. The human sciences, most notably anthropology are needed in order to grasp a part of this reality. This does not mean that creating models should be avoided, but the issues are different. Bruno Remaury’s work on the assimilation of the world of legends and narratives by the world of brands is a valuable illustration of this alternative approach. Mathematical formalisation is often precious, all the more so as it is not obsessive.

One more thing about creativity which is often linked to the immaterial. What must be understood is that creativity, as a process, is immaterial, as it is linked to the unpredictable pathways of the human mind, but also because its field of application can be perfectly material, as it can mean the creation of an object or a technology. What is true on the other hand, is that we have left behind the world’s mechanical order as the products and services we look for now use all five senses and the time is long gone when capitalism dealt only in concrete objects. In this environment, creativity brings newness, surprise, humanity, and it is all the more important as our consumption universe is detaching itself from the material. The difficulty is that creativity, by definition, always includes mystery. It is of an im placable uncertainty and this is where creating models reaches its outer limits.

O.A: Can we consider that fashion constitutes a separate economic model? What makes it different from the general clothing model?

PM: It’s all about definitions. The definition here is all the more precarious as the idea of fashion is emotional, it deals with creativity, appearance, seduction, because it evokes both futility and lightness. So, in order to
aim for any kind of objectivity, it is all the more essential to do things with a methodological asceticism, to avoid falling into the trap of the debate between for and against, which is totally inconsequential in any case. It is useful to distinguish fashion as a sector (with clothing at the heart, fashion accessories, perfumes and cosmetics, household decoration can also be added) and fashion as a system. Then we need to define the characteristic of what can be termed a “fashion product”.

**O.A:** What are the salient characteristics of this economic model of fashion?

**P.M:** In my opinion, a fashion product must have four characteristics: it involves a creative and aesthetic activity, it appears in short cycles (marketing, logistics...), it is associated with a brand or the identity of a creator/designer, it is in line with the “air du temps” and can, in certain circumstances be ahead of its time.

**O.A:** Doesn’t this economic model involve the integration of elements that are usually neglected by traditional economic policies – culture, traditions, habits, taste, the versatility of opinions – as they are usually seen to be out of range and difficult to quantify?

**P.M:** We need to clearly integrate these different elements, as they did appear honourably in traditional economic politics. So we do find a number of references to traditions and habits in Adam Smith. In fact, these different factors were pushed aside later with the advent of the neo-traditional school in the second half of the 19th century as it defined the rationale of the consumer and “axiomised” it a little under a century later. I do think that the checks and balances movement went too far and this is why I insist on the importance of economic anthropology to understand the world of today. This does not mean that we have to set the two paradigms up in opposition to one another, that would be a facile solution to be avoided. Contemporary micro-economy has, for example, largely progressed in the understanding of uncertain situations using probability theories. Two phrases illustrate the two sides of the analysis and the two facets of the consumer. On the one hand the market rules are imposed on all of us, if only from the point of view of our constant process of arbitrage; on the other hand, in order to change someone you have to start with their grandfather...

**O.A:** So is this model static, meaning does it cover only the fashion phenomena of the last century or does it need to be constantly re-evaluated? And if so, why?

**P.M:** The analytical table that isolates the four factors of a fashion product is in itself, timeless. And it is true, for example, that Paris at the end of the 19th century had its fashions and its own “air du temps”. But the big difference today is that the fashion system has spread to all dimensions of consumption: at the beginning it included a small number of products and services and concerned a very limited percentage of the population, and now, it has become generalised and democratic. It is the fruit of the continued growth that we have seen, from the passage from the economy of need to the economy of pleasure, the unavoidable extension of the field of capitalism. The desire for fashion can differ greatly from one individual to another, but it is omnipresent, even if it is often seen as acceptable to criticise it and to misjudge the fact that lightness and futility are the salt of democracy.

What matters today is the power of the fashion system that comes from contemporary, cognitive, immaterial capitalism and also in parallel, from urban culture. Let’s examine this point for a moment: urban culture is the
ultimate stage in a process that began with the rural exodus. In the collective unconscious, the figure of the peasant was the opposite of fashion: he was badly dressed, and always in the same manner, didn’t know how to behave and was difficult to understand. So fashion was a city issue, but also a money issue, as not many people could permit themselves to be actors in this emerging scene. Then the time of fashion for all arrived with the appearance of department stores and it really took off with the Second World War, with the arrival of Fordism. So fashion was resolutely urban while remaining hierarchical. For the most part, it came from designers, certain brands and the elite. Advertising had already begun to democratise fashion: projecting the consumer into the “air du temps”, that was also fed by advertising. Television began to spread trends, propagating new collective waves. And what was all the rage in the fashionable Saint-Germain-des-Prés was far from limited to the amusement of spoiled rich kids. Finally, creativity and trends reached the final stage of their democratisation and urban culture moved into another phase, enriching itself and mixing with global brands, tribal culture, sport, hip-hop, design, multiple layers of reference. This upheaval in society came through in literature, cinema, music of course and also through comedy. One only needs to compare the sketches of Jamel Debbouze with those of Fernand Reynaud.

Q.A: Can one apply this economic model of fashion to other sectors of consumption?

P.M: This happens naturally, through reference to a multi-layered, not sectored system. Each person is free to apply it to video games, telephony, automobiles, restaurants or the trade of ideas. Let’s take the example of cars and phones. In both sectors, aesthetics are of great importance and design is a key factor in their success. The cycles have shortened considerably in the automobile business and are extremely short in the phone business, both in terms of research and development time and the life cycle on the market. Brands are of considerable importance; the same goes for the “air du temps” that can influence colour, design, etc. It is important to add that the fact that the fashion system has become generalised doesn’t mean it sums up the entire economy, the perception of consumers and the performance conditions of businesses. Its absolute importance is undeniable and systematic, but its relative importance differs according to the sector. Thus, technological innovation is much more important in the automobile industry or telephony than in clothing. And criteria such as comfort and reliability, not forgetting client service and attention to detail are fundamental. They can be overtaken by criteria of fashion (ex: an uncomfortable shoe that is nonetheless a must-have), but this is exceptional, and the norm is the adjunction and complementary nature of the criteria. So we must give fashion the relative credit it deserves and say that it is now a necessary but not sufficient condition for economic success, in the same way as technological innovation and quality of service. It is important thus to warn those who only see the world through the prism of fashion and remind those who disdain it that they are heading down a dead end.