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Mimetic Desire or the Missing Self at the Core of the Psychological Foundations of Choice.

Abstract

This paper starts with an analysis of Kahneman's well-being psychology, which pioneers the return of hedonism into choice theory. We argue that it is liable to the points made by the old hedonic critique once addressed to the marginal revolution. Looking at Kahneman's *logic of objective happiness*, we conclude that this reformation of utility theory along Benthamite lines amounts to a methodological superstition.

We then turn to Girard's theory of mimetic desire and show that it lays the psychological foundations of desire that the old hedonic critique was missing. Easily found in consumption, evidence of mimetic desire can also be highlighted in competition through examples of mergers and acquisitions; we show that mimetic desire supercedes rational goals such as profit maximization and market shares even though the latter serve as convenient ex-post justifications of behavior.

JEL classification: Utility; Well-Being Psychology; Mimetic Desire; Choice Theory.

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At the onset of the marginal revolution, economists inspired by advances in psychology led the charge against the new theory for being flawed with hedonic psychology, launching the hedonic critique. Modern choice theory has however long welcome various new hedonic psychological foundations of choice. With regret theory, Loomes and Sugden [1982] introduced regret as a hedonic component in decision making. The same hedonic paradigm prevails in Ainslie's [1992,1995,2001] piceoeconomics, where a new comer, the will, is made the ultimate empire of the maximization process at the individual level. Perhaps the most noticed reappearance of hedonism into choice theory is seen in Kahneman's [1999] well-being psychology, which unfolds from Kahneman, Wakker and Sarin's [1997] plea for choice theory to

return to Benthamite inspiration. With this come-back of hedonism, the history of the dialogue between economics and psychology has looped a loop that originates in the marginal revolution. The old hedonic critique appears as an oddity without *raison d'être* in the history of economic thought.

This contemporaneous resurgence of hedonism disavows Samuelson [1938]'s claim to have eradicated a utility concept spoiled by a flawed psychology --e.g. hedonism-- from choice theory. I have argued elsewhere that marginal utility theory up to the revealed preference embarked in successive drifts that did not properly address the points raised by the hedonic critique; hence the coffin of hedonic utility was never nailed [Lacour, 2009]. Focusing on Kahneman et al.'s well-being psychology, I argue in this paper that new utility theories are liable to the main criticisms put forth by the old hedonic critique. New hedonism is inherently the same as the old: it conflates desire and pleasure and attributes motive power to pleasure and pain. In this paper, I first show that well-being psychology suffers from these two major drawbacks at each level of the scale of pleasures. I then outline Girard's theory of mimetic desire, where desire for an object springs from the perceived self-sufficiency that the subject bestows to her owner. Hence an object is desirable because somebody desires it. Pleasure and the utility concept are not relevant in Girard's theory of mimetic desire. I explore promising breaches that Girard's theory of mimetic desire permits in consumer theory and in the theory of competition.

Well-being Psychology: a Teleological Superstition Turned Methodological

Kahneman et al. [1997] challenged decision theory to refund itself in Bentham's inspiration. Bentham defined utility as net pleasure, the felicific proceed of pain avoidance and pleasure seeking that man strives to make the largest possible [Bentham, 1780]. Yet, man commonly fails to do so, as neoclassical choice theory recently discovered. Such irrational behavior is only apparent: its causes are to be sought in remembered utility, which gives a distorted account of experienced utility. In "Logic of objective happiness," Kahneman [1999] fleshes out a research agenda aiming at a deeper understanding of experienced utility and its role

in the chain of decision. It also lays the foundations of well-being psychology, which involves the assumptions "...that the brain continuously constructs an affective or hedonic commentary on the current states of affairs, and that this commentary is adequately summarized by a single value." According to Kahneman [1999,p.17] "the first assumption has a fair amount of support; the second is clearly an oversimplification, but perhaps a tolerable one." The hedonic character of the commentaries spurs action tendencies: to go on or to stop. pleasure is a go signal; pain is a stop signal (Kahneman et al., 1997).

Recent research in neurobiology¹ leads us to think shows that the function of emotions is to protect the organism while allowing it to adjust to a given situation. In front of a danger for instance, fear prompts the internal state of the organism so that escape be made easier. Identically, if hungry and about to sit for a good dinner, I might start salivating. Here are two "commentaries" showing adjustment to two distinct situations. They are as much hedonic as shivering when lightly dressed and the temperature is low. From there unfolds the predicament that the subject can be said objectively happy since it does something rather than not (Kahneman, 1999). Hence, as far as consumption is concerned, well-being psychology tells us that the consumer is probably happy while consuming otherwise she would not do it. Compared with previous utility theories, analysis of subjective valuation has shifted from what goes on in the mind of the hedonic consumer while buying a product to the speed at which she grabs the item on the rack.

Moreover, the raw material of objective happiness, *subjective happiness* or *instant utility*, seems a methodological construction without much relevance in people's experience. This observation stems from Kahneman and Snell's (1992) own conclusions drawn from an interesting experiment, where subjects were asked to eat a serving of plain low-fat yogurt while listening to the same self-chosen piece of music for seven consecutive days at home. Subjects had to rate each day the yogurt and the music on a 13-point scales ranging from -6 to +6. They also had to

make predictions on the same 13-point scale of how much they would want and like the yogurt on the following day and the last day of the experiment. Results showed poor performance in hedonic forecasting and justified the interrogative title of the article -- “Do People Know What They Will Want?” - raised in the title of the article.

A more relevant question that well-being psychology should ask is, I believe: “Do People Know What They Want?” that is what kind of *hedonic statement* do they make, besides “I like it, I don’t like it or I like it a lot”, if they even think of making one? The answer is none most of the time, and when people make one once in a while, these *hedonic* appreciations are as far as hedonism goes in people everyday life and how meaningful the concept of *instant utility* is. Whatever the product, aiming at assessing --cardinally or ordinally-- the hedonic intensity of such a simple action as eating something makes no sense because the concept of instant utility has no reality in people’s life. This is not to say that pleasure cannot be felt nor sought while eating: people sometimes go to good restaurants for this purpose only. But doing so is not hedonic in the sense of well-being psychology: successive intakes of the same food are not to be valued and compared with one another, and “feelings” at a certain time are not confined to the subjective perception of the sole intrinsic characteristics of food like savor and taste. As such, “feelings with food” go unnoticed or at most give rise to rather insignificant hedonic appraisals of “I like it or I do not like it”. When pleasure is noticed, much more than simple taste is involved. In Proust’s famous experience of a madeleine, that the author describes as occurring fortuitously, enter memories, which are not so much happy memories in the sense that the moments they refer to were experienced as happy moments, but memories which makes him happy when he tastes a madeleine². Where in a -6-+6 scale can Proust’s enjoyment be rated? What does it say about his past and future enjoyment of a madeleine? Is the fact of eating a madeleine of any importance for Proust’s well-being,?

What this Proustian experience highlights for our purpose is the contrast between the characteristics of a pleasure that makes happy - acuteness, brightness, multidimensionality, a-

temporality - and the relative opacity of everyday life. This opacity made of habits has nothing salient; it is just known territory on which decisions are based, as some well-being psychologists (Loewenstein and Schkade, 1999) themselves acknowledge. Hence if habits deprived of any significant hedonic experience are the sole for many decisions without any foreseen hedonic aim, then the key hypothesis of well-being psychology, hedonic or satisfaction treadmill, by which improved circumstances could cause people to require ever more frequent and more intense pleasures to maintain the same satisfaction with their hedonic life falls apart. There is just a treadmill made of “comforts”, perhaps characterizing joyless lives in a joyless economy.

Besides habits governed situations, there are many others, say Loewenstein and Schkade-like marrying too young, shopping for grocery with an empty stomach, professing love during moments of lust, believing that one could live a “good life” of one’s income were only 10 percent higher-in which people systematically wrongly predict their own future feelings. Here again, as in habits governed situations, we believe that there are no explicit predictions of happiness in the first place. Let us take the example of failed marriages, whether contracted when young or old. It is quite striking that failure of a marriage (its dissolution or adultery) is never depicted in literature as the contrast between a state of felicity that one would have dreamt of and the sad reality of marriage. No such mention exists in Flaubert’s *Madame Bovary*. She did not have any dream about her husband before marrying him, and when married, Charles (her husband) is doing is best to make her happy. Nor can we find any with Madame de Rênal, who is quietly happy about her husband and her life before meeting Julien Sorel, the hero of Stendhal’s *Le rouge et le noir*³, who will become her lover. Not a trace in the thoughts of these young married women, before and after their marriage, of a *forward or a backward consumption effect* or derivation of utility through anticipatory savoring or retrospective savoring (Elster and Loewenstein, 1992). There are also nowhere to be found in the passionate relationship of Julien Sorel and Mathilde de La Mole, two well-red, ambitious characters of *Le rouge et le noir*. But at the end of his life, before being executed for attempted murder, Julien realizes that he has never been happier than

when he was with Mme de Rênal, not with Mathilde, whose conquest symbolized nonetheless the consecration of his ambitions. Why, if pleasure is the goal in life, does literature talk of desire as desire for an object, not for a projected felicitic state, and describes the occurrence of pleasure as contingent upon pain - that is “the distance” with the object desired- and vanishes once the object is secured? As far as marriage and love are concerned, literature seems to know better about happiness than utility theory, old or new. Happiness as it appears in literature is neither satisfaction nor pleasure nor the summation of it. Happiness is fortuitously identified, if ever, as something that one has failed to fully appraise when it has occurred.

Lastly, well-being psychology is also off the mark with the genre “pleasures of the mind”(Michael Kubovy, 1999) for the very reasons that have been described before. The author’s first conjecture for ranking pleasurable activities among this category is the fact that they are “collections of emotions distributed over time” but the key consideration for this taxonomic purpose is the intertwining of sequences of pleasurable sensations and emotions. Experiencing a fine wine is not part of it because it gives rise to just pleasurable sensations, while an evening of wine-tasting, with its debates and disagreements, could be factored into it.

The first problem with Kubovy’s approach lies with the formulation of his ecological question: since some stimuli are in themselves pleasurable but do not by themselves produce emotions, how do certain stimuli give rise to sequences of emotions? Such a question limits the scope of the ecological investigation to processes generating sequences of emotions through contact with pleasures that are somewhere to be grabbed. Not surprisingly, the question as formulated produces a discussion about moods, levels of arousal as facilitating emotions and perception of music in narrative terms that misses entirely the most important element of the *ecological* question: its social dimension and the role of desire, as primarily a social component of man’s involvement in art, intellectual or playful activities.

Let us assume first that there is at least one good reason for “pleasures of the mind” to be called “pleasures”, this reason being that these activities are undertaken during one’s leisure time.

Enjoying such activities bears a social dimension in the sense that finding beautiful a work of art, like paintings or music, has something to do with the perception of this work by society. One can now find in stores cheap reproductions of Rothko, Miro or Kandinsky's paintings for example, which were judged distasteful when they were first exposed. In the enjoyment of the public for these works enter the fact of having gotten "used" to find them beautiful and to such a long and progressive appraisal by others. Such a banal commentary does not imply in any way that beauty and artistic emotions are feelings reserved for an "elite" able to appraise it. It does entail though that for everybody like for the so-called "elite", the sense of beauty and artistic emotions are also matters of social habits, which, as habits, might have as poor a hedonic value than habits for food, clothes or cars.

Moreover, desire when directed to "artistic objects" are in this case again not desired for esthetic or intellectual pleasures, as well-being psychology believes (nor it is desire for a hedonistically defined commodity "music or paintings appreciation"(Becker and Stigler, 1977)). Prior to be defined personally, this desire is socially determined (Bourdieu, 1979), as Marcel's example for his irresistible desire to see the famous actress "la Berma" (Sarah Bernhardt) playing *Phèdre* (Racine) makes it clear (Proust, *A l'ombre des jeunes filles en fleur*, (*Within a Budding Grove*)), in the sense that Swann, someone whose artistic judgment Marcel values, told him that her play had reached sublime achievement, and because of both Berma's prestige and prestige of the play (*Phèdre*). This prestige is so intense that the prestigious Berma in the prestigious play *Phèdre* are themselves objects of Marcel's desire to see the play⁴. Then come in Proust's narration more "personal" objects of Marcel's desire: "revelations, in Berma's play, on certain features of nobility, suffering". What is particularly striking for our purpose is the contrast between the importance, in Marcel's eyes, of these "objects" of his desire with his dismissal of the pleasure he expects from seeing the play⁵. Not only Marcel's pleasure does not culminate to a "peak" corresponding to some peculiarly intense moment in Berma's play, it stops as soon as she enters the stage. Marcel seeks desperately the reasons to admire her he was looking for but

cannot find any in her play. When back home, Marcel confesses his disappointment to a guest of his parents, Norpois, who provides him with insignificant but eulogistic platitudes about Berma's play. This is enough, despite his disappointment with the show, for Marcel to start riding the horse of desire again, the objects sought being at this point those spelled out by Norpois about the actress, and to reevaluate his first judgment.

As far as art and culture's consumption is concerned, this example highlights that what is at stake when one decides about seeing a play, a movie or a concert is desire for specific objects, not pleasure that one's expects from them. In this example this is desire which is narrated (and its satisfaction evaluated), not pleasure, which is mentioned in passing and appears both contingent upon satisfaction of Marcel's desire for specific objects and even distinct from it. As also clear in this example, fiercer is the desire for the objects sought, higher are the expectations, and paler is pleasure obtained in the process of satisfaction of desire. This does not imply that pleasure proceeding from artistic emotion cannot be felt independently of a desire for an object. When it is so however, pleasure is fortuitous, manifests itself like a surprise, as another example abstracted from Proust (*Du côté de chez Swann* (Swann's Way)), illustrates: Charles Swann, an art connoisseur, hears a sonata unknown to him, whose composer's name he will only discover a year after. His enjoyment and emotions give rise to a two-page description. Swann desires to hear this musical line again but this desire is not about feeling the pleasure previously experienced. It is said to resemble a romantic attraction for a woman; it has an object, to be rejuvenated, to believe in an ideal goal, which he renounced to a long time ago. Hence pleasure experienced triggers a desire, which transcends it and stems into Swann's personal life, without reference to Swann's initial emotion for Vinteuil's sonata. Here again pleasure is transient, unsought and the story which will unfold from this first encounter on between Swann and Vinteuil's sonata is not a story of pleasure but a story of desires: the desires whose objects refer to his own personal life will interact with his desire for Odette de Crécy, with whom he has rediscovered the sonata.

Consequently, the attempt of evaluating Swann's sequences of pleasures of the mind derived from Vinteuil's sonata is without object. Besides the fact that even for an aesthete like Swann, these pleasures are of secondary importance, if not of no importance at all, this is like evaluating an ever-changing ephemeral phenomena independently of what they are for the most part an accidental byproduct, desires. The pointless character of this project renders vacuous the claim that evaluation of pleasures of the mind depends on the peak emotion and favorableness of the end. During the course of one's long frequentation with one's favorite books or with one's favorite pieces of music, is it not that several moments appeal alternatively and differently to one's emotion, as Kubovy seems to admit? Where and when are the peak and the end? The end is death or death of desire, which is not once mentioned in Kubovy's essay.

Well-being psychology's project, as an attempt to rescue utility theory on Bentham's grounds, fails flatly because of these very premises. Bentham's philosophy is flawed because of teleological hedonism and so is marginal utility theory because it cannot exist without it, as the old hedonic critique has showed long ago. Reformulating utility theory's assumptions along Bentham's line to make them more methodologically palatable does not make them more real. The teleological superstition just comes to take a methodological form. Well-being psychology has the contention to embrace the social, biological and personal complexities of pleasures and pains, but it is perfectly unable, as Bentham's hedonism was, to tackle their common alterity dependent on desire.

II. Mimetic Desire or the Missing Self at the Basis of Choice.

The idea of lack of self-sufficiency into the realm of desire can be deducted from Girard's theory (1961,1978,1990) of mimetic desire. At the root of this theory is the anthropological and philosophical observation that imitation pervades behavior, starting with acquisition of objects to moral endeavor. Yet if largely recognized, the role of imitation is regarded as generating gregarious and pacifying effects.

However imitation produces also conflicts though mimetic rivalry which earlier forms of religious thoughts acknowledged. Because the modern use of the term imitation ignores and aggravates the ignorance of mimetic rivalry, Girard prefers the term of mimesis to this of imitation.

Mimesis operates in desire, or rather desire is nothing else but mimesis. At the root of desire is an object desired, because a model designates the object as desirable by desiring it herself. The model naturally opposes resistance to this subversive desire. The mechanical character of primary imitation makes it likely that the subject will misinterpret the automatic aspect of the rivalry with the model. The resistance opposed to her desire will indeed bring the subject to think that the model must have good reasons to deny her the object of her desire. As the resistance goes fiercer, the subject begins to credit herself with a radical inadequacy that the model has unveiled, which justifies the model's attitude towards her. The value bestowed to the object grows in proportion with the resistance met with in acquiring it, and so does the value of the model:

Even if the model has no particular prestige at the outset, [...], the very rivalry will be quite enough to bring prestige into being. [...] The model, being closely identified with the object he jealously keeps for himself, possesses – so it would seem- a self-sufficiency and omniscience that the subject can only dream of acquiring. The object is now more desired than ever. Since the model obstinately bars access to it, the possession of this object must make all the difference between the self-sufficiency of the model and the imitator's lack of sufficiency, the model's fullness of being and the imitator's nothingness.
(René Girard, *Things Hidden From the Foundations of the World*, p.295-296).

This process, by which mimesis brings the subject to attribute to the model a plenitude of being that the subject feels as dramatically missing, has nothing real but it transforms the object into something that appears more real than anything else. This process bestows desire for the object with a metaphysical or ontological dimension that it does not have without it. The term “desire” might well be appropriate in so far as the misunderstood mechanism of mimetic rivalry has pervaded what was originally just an appetite or a need. Ultimately, mimetic rivalry brought

about by acquisitive mimesis might degenerate into violence or rather forms the origin of violence that modern thought tends to interpret only as an isolated act⁶.

The object is desired because someone else makes it desirable by desiring it, then for the aspirations raised up by the resistance the model opposes to its access. These aspirations are metaphysical in the sense that they are created by rivalry and that they have no tangible reality whatsoever. They cause the subject to root to failure, whether she gains or not possession of the object:

For victory to change anything in the fate of the subject, it must come *before* the gap has started to widen between all that possession offer in the way of pleasure, satisfaction, enjoyment, and so on, and the increasingly metaphysical aspirations that are brought into being by the misconceptions of rivalry.

If the gap is too wide, possession will be such a disabusing experience that the subject will put all the blame for it upon the subject, not to mention the model. He will never blame desire as such, or the mimetic character of desire. Object and model are both rejected with disdain. But the subject sets off in search of a new model and a new object that will not let him down easily. From this point, desire seeks only to find a resistance that is incapable of overcoming.

To sum up, victory only speeds up the subject's degeneration. The pursuit of failure becomes ever more expert and knowledgeable, without being able to recognize itself as the pursuit of failure (Girard, *ibid*, p.297).

One would object that if the subject imitates a desire that is not hers, however the model might very well genuinely desire the object, independently of the covetousness of the subject. In fact, this difference between the subject and the model is only apparent. It exists but for explanatory purposes. First, the model rarely is without responsibility in the birth of his disciple's envy. She often needs her fragile, insecure desire for an object to be approved by someone else. For this desire to be worth something in her own eyes, she seeks confirmation of her choice in the rivalry she herself sets off, at the risk of losing the object. The greater the risk, the more triumphant the confirmation, as shows for instance Valentine's behavior in "Two Gentlemen of Verona" (William Shakespeare). Valentine ostensibly, exaggeratedly praises the charms of his fiancée Silvia in front of Proteus, his best friend, who will renounce his own desire

for his fiancée Julia and later attempt to rape Silvia. After having initiated the desire of his best friend and transformed him into a rival, the model Valentine comes to imitate his desire or the desire of his own disciple, and to become himself the disciple of his disciple⁷. In the last resort, there are no genuine differences between the two, or rather between their desires.

As rivalry develops and both its protagonists, successively then simultaneously, exchange positions, rivals happen to lose sight of the object. While rivals get to be fascinated with one another, desire becomes desire without object. Once the symmetry of the mimetic relationship really takes hold, both protagonists aspire to eliminate it. From then on, the point is not to resemble, but to differ from the hated rival. Hence the reciprocity is still maintained, precisely because everyone is trying to break away from it in the same way. The desire is always the same, even when it no longer involves belief in the transcendent status of the model.

This is in physical violence, the logical issue of mimetic rivalry, that such developments are easier to observe. Each rival imitates the other's violence and returns it with interest. Both rivals want nothing more but to assert their difference with one another and because they share this common endeavor, they are alike. Rivals are "doubles" in a perfectly symmetrical exchange. Yet this observation can also be made in a lot of situations, like in fashion. To be on top of fashion, "à l'avant-garde de la mode", one needs to be following the trend and to be the first, or among the firsts, to get off it, before others imitators, as eager to be in such a position, do.

The logical conclusion to which the theory of mimetic desire leads is the vacuity of the notion of utility being subsumed by the intrinsic characteristics of an object, and sought for whatever the subject could derive from it and for herself. The desiring subject does not desire the object because she foresees pleasure in the possession of the object. Basically the subject falsely sees an identity, an autonomy endowed by the object to the model or in Elster's words, a "self", (yet a non-reward driven one), which the subject feels deprived of. Mimetic desire obliterates utility because it bears with a "missing self" that the subject attributes to the model. But this missing self does not have a reality on its own as embedded in the model. It is nothing to be

acquired. It proceeds from the very mechanism of mimetic desire, and signals itself in the “metaphysical aspirations” spurred by mimetic rivalry. As the later unfolds, the subject detaches itself from the object and the model, until the subject renews with desire and new models, in a quest of being.

Evidence of mimetic desire is obvious in consumption (Belk, Ger, Askegaard 2003). Everyday advertising recourses to celebrities to ascribe, through mimesis, value to common, daily objects that have little on their own⁸. So does advertising with luxury items, like cars, proving that prestige is not an object that is sought for itself, but has a reality only through mimetic desire. Our objective is to show that beyond consumption, mimetic desire is the bread and butter of economic relationships, hidden by the discourse of utility and profit maximization, which a posteriori seals decision with the appearance of rationality. We suspect that the predominance of this discourse owes partly to the fact that mimetic desire does not fully acknowledge itself as mimetic.

Let us look at firms and how they handle competition through the aspects that are palatable by the public in the media, acquisitions and mergers. The latter often seem to be guided by versatile decisions. It is striking to observe in numerous examples that the bid of a competitor suffices to trigger a disordered and hectic series of bid, as if this initial bid had suddenly reveal something that others felt they could not be excluded of. This is exactly what happened when Comcast Corporation made an unsolicited \$40 billion stocks-swap to acquire ATT’s cable-TV division in July 2001. This initial offer was rejected but Comcast Corp. got finally successful. In the meantime though, Cox Corporation (Atlanta), AOL Time Warner and Microsoft entered the game and tried to overcome each other bids (*The Wall Street Journal*, December 2001). Same sudden and frantic bulimia for Safeway PLC, in England, after the obscure U.K.’s fifth-largest food retailer, William Morrison Supermarkets PLC, agreed to acquire Safeway, the fourth in this sector in U. K., in a friendly deal this time. This offer was the salvific wake-up call for six suitors, among the three most important in the sector in U.K., Tesco, Sainsbury and Asda to

realize that they could not be left out of such a deal (*The Wall Street Journal*, January and March 2003). Counter-offers in takeover battles are inevitably justified as aiming at preventing a competitor from building an edge in a market, or even to block a third competitor more dangerous than the initial bidder. This explanation is convenient but quite insufficient. If the object of these concurrent bids is of strategic importance for any of these bidders, why is it that in most cases, well before the frenzy triggered by the first bid, such an acquisition or alliance with the currently coveted division or corporation was not even on their agenda? In fact, as rational as corporations are supposed to be, it looks like the deal which corporations suddenly throw themselves at becomes a major element of their strategy, for the simple reason that it appears to be part of other's. In other terms, the deal is desirable because competitors desire it.

This reason might very well supercede goals like maximizing profits, securing market shares or other "rational objectives" of business plans, as the example of recent battles in the French banking sector show. For three years, a friendly takeover of the previously State-owned bank *Crédit Lyonnais* by *Crédit Agricole* was pending without many results. In November 2002, *Crédit Agricole*, which already owns 11.5% of *Crédit Lyonnais*' shares, proposes 42 Euro per shares for the 10.7% still owned by the State. But this offer is insufficient for the French Minister of Economy and Finances, who does not want to consider less than 44 Euro per shares. The Minister launches auctions. *Crédit Agricole* brings up its offer to 44 Euro, far below *Société Générale*'s (47 Euros) and *BNP*'s (58 Euros), which easily gets the deal. *BNP* thus overcomes *Crédit Agricole* as owner in *Crédit Lyonnais*' shares and becomes the major contender in a subsequent acquisition of this bank. Yet this prospect should not have made the *Crédit Agricole* blink: according to one of the main manager of this bank, "We did our math's. *Crédit Lyonnais* was not worth more 42 Euro per share; 44 Euro already was a very good offer, 20% above current market value." (*L'Expansion*, January 2003, our translation)

Why then wonder if one's economics is right and the competitor's wrong? Yet this unsuccessful bid leads to "a coup d'état" within *Crédit Agricole*, bringing to its head a man

furious to have missed the deal. Freshly on the job, the new CEO successfully launches a raid on 1.7%, then on 5.3% of the shares of the Crédit Lyonnais, paid 56 Euro per share, bringing Credit Agricole's shares to 17.5%, back to the first place. Yet according to analysts, this new combativeness leaves aside the only question worth asking: does Crédit Agricole have any interest in taking over Credit Lyonnais? Analysts bend towards the negative but explain (and fear) this change of mind by the fact that "Crédit Agricole's self-esteem has been hurt!" This explanation is bleak but not totally incorrect; what is indeed the sense of avenging one's pride because something that one did not want to overpay has been taken away from us by someone who did? However reacting out of self-esteem or pride "makes sense" or rather is to be understood within the framework of mimetic rivalry, when like in the context of our example, one discovers in a opponent a model whose desire one imitates, whose interest for something that one was not sure to want makes our desire surge for this very and previously disdained object. At this moment indeed, the symmetry of mimetic rivalry is in place. The object is overpaid, like the shares of Crédit Lyonnais, not because its value has gone up, but because the model has established itself as such, a model that one will fight for any wrong reason like self-esteem and possibly for the right ones, like value for the shareholders.

Because mimetic desire entails nothing but a personal dimension, evidence of it is even easier to observe when rivalries have a long history, as this that took place in the cruise sector. It involved number one Carnival Corp. and number 2 Royal Caribbean Cruises Ltd., or rather their respective chairmen, MM. Arison and Richard Fain. Its latest development is the battle for the control of P&O Princess, distant number three of the sector and in financial turmoil when propositions of mergers came from the two competitors, starting in 1999. Brannigan and Perez (*The Wall Street Journal*, 2002) points out the personal and subjective component motivating this battle. However in stressing the differences of the rivals, the journalists seem to imply that these differences should prevent them from sharing this conflictive desire. Somehow the "beefy college dropout" Arison (Carnival), who became President of his father's company and Fain

(Royal), the “scion of wealthy New Englanders”, “trained at Berkeley, Wharton and in London”, should not be boxing in the same ring. Hence because these differences are interpreted at face value, that is taken for what they are not, inherent components of the character of the two men, the narrative of the contest slides towards a symbolic interpretation of a battle between the Ancient and Modern ways of doing business. What this interpretation misses is that these differences take all their meaning, perhaps even arise, in the very history of the business relationships of these men. They develop as efforts to differentiate from one another in the fight for supremacy at any price. They reveal in fact the striking similarities in the behavior of two men acting alternatively as models and anti-models of one another, thus the mimetic nature of their relationships.

Frank enmity would have ignited in 1988 when Arison unsuccessfully tried to pay Gotaas-Larsen and I.M. Skaugen & Co. for their stakes in Royal. Arison thus sees coveted and uncaught Royal prospering between the hands of the man who barred his deal. Fain certainly did not have much importance in Arison’s eyes as long as he was not standing on his way. Now presiding a company refractory to the acquisition by Carnival, Fain is more important for Arison than Royal itself. From then on, undercuts from each side flew in a way that often goes beyond what healthy competition would require, muddying up to product differentiation strategy. Fain himself accredited the idea that he is a “perfectionist” putting his stamp with luxury items everywhere on Royal’s ship, whatever it costs. Yet in this search for perfection, Fain could have let Royal’s crews promote the idea among passengers that his competitor Carnival was the “Kmart of the Caribbean”. Royal’s management denies such name-calling but it is clear that Royal’s product differentiation strategy mingled with Fain’s carefully worked image was offending inasmuch as it conveyed the cliché that behind products, there were men and behind Carnival’s mass market products, there was unsophisticated Arison. No wonder that in 1999 the later started courting Princess, then the jewel of a venerable British conglomerate, possibly in an effort to acquire as much cachet as his anti-model. After being rebuffed a second time, Arison

learns that Princess is already in merger talks with Royal. As if market information was not telling enough – Carnival had a 20% net income margin against 8% for Royal after September 11 and Carnival's bond rating was A while Royal's had sunk to junk status- Arison feels the urge to attack his competitor's management record contending that a major reason Princess holders should vote against merging with Royal is that Fain would be running the combined companies.

If as Brannigan and Perez assert, “this fight for supremacy in the cruise industry was about more than business”, so is the outcome. Did this irrational ugliness of the battle finally end up in the victory of efficiency, for the sake of even more efficiency? One can seriously doubt it. For the time being, the so-called winner Carnival has won quite an inefficient battle, paying in the end more than twice that he originally planned to pay – \$5.7 billions against \$2.4 billions- while in the mean time, Princess shares sank to a record low. If market value means anything, it owes it to mimetic rivalry, the object of which, Princess (that could not have expected such a bonanza), has been made the clear winner. With savings realized with the aborted deal, the loser Royal could reduce its soaring debt as well as work on restoring margins. These “rational” and business like objectives have been until now relegated to a distant second place, well behind this absorbing one of unraveling Carnival and his chairman's supremacy: this is business and nothing more than business.

Whether successful or not, desire is bound to failure because what becomes to be sought are the metaphysical aspirations generated by rivalry which further nurtures desire. Victory somehow speeds up the process towards failure, as it speeds the search for the irresistible obstacle. As far as entrepreneurs are concerned, successes lead to fast replacements of models until the irresistible one is found. Ascension to the top does not mark a halt to rivalry, to bringing entrepreneurs to quietly devote their time enjoying shoring profits and value through gains in efficiency. It thus not happen because depending on where on the top one is, they are always more powerful models to imitate or less powerful ones to bar. Nor that either kind of models inherently threat the position that has been achieved, but because without these models, this

position is again not worth desire. Without a more powerful model, this very position is not even worth having and without envy of less well-off rivals, it is not even worth defending.

Jean-Marie Messier's saga could perhaps not provide with a better example that at the top of the business ladder behavior is still forcefully guided by mimetic desire, however fast achievements have been accomplished. Vivendi Universal's first and former C.E.O. rose to the top in less than a decade. In 1996, the son of a modest accountant in Grenoble succeeds Guy Dejouany as the head of Compagnie Générale des Eaux. He renamed the company Vivendi and made several acquisitions in the advertisement and television sectors. He then turned his attention to America. In June 2000, he acquired Seagram, the liquor company founded by the Bronfman family. In 1995, Seagram had acquired Universal Studios and MCA, which became the Universal Music group, the largest music company in the world. The new, merged company was renamed Vivendi Universal and as a group, the Bronfmans became its largest shareholder.

Vicky Ward's analysis (*Vanity Fair*, October 2002) of the fall of the "expansionist of Napoleonic proportions" again points out to behavioral features, which would depart from "normal" business practices. Messier's megalomania might have distracted him from mounting financial problems and could have led him to neglect dissension soaring in Vivendi Universal's boardroom. Ward also underscores that Messier was being obsessively competitive with News Corporation Rupert Murdoch, suggesting that there is a way of being competitive which does not border obsession. Clearly Ward failed to see that past rivalries with previous models were certainly as just obsessive as this with Murdoch but went unnoticed in Messier's meteoric trajectory. Messier's obsession with Murdoch is only salient because Messier "was working on it" when he was forced to resign. Second, Ward does treat megalomania and "obsessive competitiveness" as if there were no links between these two traits. But megalomania, folie des grandeurs of an immense ego do not exist in a vacuum. There is always a model to designate what ultimate grandeur is to be sought.

In Messier's case, before Murdoch, the model was Bronfman Jr. and so was Messier for Bronfman. Indeed, the relationship between Messier and Bronfman Jr. starts as a love affair. Reciprocal positive mimesis precedes the conflictive one, when models turn rivals whose separation becomes as big an affair than the union previously was. As in Arison and Fain's relationship (Carnival and Royal's previous example), there is an apparent antinomy between two men's characters which should prevent them from going further. But while superficial differences would have exacerbated dislike between Arison and Fain, they do exactly the opposite in Bronfman and Messier's story: push them in each other arm. These differences made mimetic attraction, unnoticed from Ward, even more explicit in her narrative:

When Edgar Bronfman Jr first met with Messier, in Paris in October 1999, three months before the AOL Time Warner merger, there was no agenda. The soft-spoken, elegantly dressed Bronfman had requested the meeting, mainly out of curiosity, although in the back of his mind, he says, he was wondering how to take Seagram to the next level.[...] Though it was an unlikely pairing –the tall, calm Bronfman is languidly patrician, and the diminutive Messier blusteringly intense – the two hit it off so well that breakfast lasted well over an hour and half. “When you meet Jean-Marie, he is a compelling person” says someone close to Bronfman. “I call him Clintonesque in that sense.”
(Vicky Ward, *Vanity Fair*, October 2002, p.206)

Bronfman, who wanted to sell Seagram, was aware about Messier's “burgeoning reputation for egocentricity” and others around him were worried about it. Yet rationality and prudence did not prevail. Within less than a year the two hammered out the deal for Vivendi to buy Seagram.

From then on unfolds an unconvincing story of rational but yet careless Bronfman finally coming to grip with professionally deceitful Messier (late is better than never). In fact, what sounds more real than Bronfman's late lucidity about Messier's professionalism is the complaint of an abandoned lover charging the traitorous partner for running a sumptuous life with the money of the wedding in the conquest of others. Right after Vivendi has become Vivendi Universal, Messier's behavior with Bronfman reveals frankly discourteous: in a Don Juanesque type twist, the now successful seducer, once considerate and modest while courting, does not

bother any more to expose the turpitude of his character. Namely, once conquered, the bride is not worth much effort any more. Macho Messier resents sharing the stage with Bronfman as an encroachment on his authority. However this personal dislike resting on a long list of vexations seems to have taken over professional doubts, not to harden them, as Bronfman said. For if avowed differences in strategies have divided the two men, they did not provoke opposition in the boardroom before the burst of financial problems that started sending Vivendi's stocks down. Therefore these so-called professional doubts appear very much as an ex-post justification covering for the fact that Bronfman did not clearly see coming his loss of 4 billions in Vivendi, due to a succession of ruinous deals. One of them is Vivendi's merger with USA networks that Messier wanted to acquire to win over the Hollywood establishment. According to insiders, Bronfman would not have favored the deal, as much for his strong opposition to the hiring of Barry Diller, USA networks' owner, as chairman and C.E.O. of Vivendi Universal Entertainment than for the economic unsoundness of it. But to him, Messier most decisive mistake is the 1.5 billion paid for 10% of EchoStar. Again, as founded as his reason might have been, it is not clear if the problem is about content or form: Bronfman says Messier had taken this step without the decision of the board, while Messier asserts that the deal what approved unanimously subject to finalization and review of documentation. But for sure, Messier was running after another model. According to employees and insiders, the USA network deal was part of an effort to raise himself at the same level of Murdoch; Messier wanted Echostar because Murdoch had tried to buy it and had failed. Also Messier initially refused to relinquish Telepiu, an Italian money-losing company, in order to spite Murdoch who wanted it and would gain a monopoly in Italy if he got it. Forced by Vivendi's financial distress to find money, Messier later had to give up Telepiu to Murdoch.

Ultimately Vivendi's 2002 turmoil proves wrong the story of the heir of a well-established and respected company taken on a hoarse path by some kind of adventurer who sold him the dream of uniting content and distribution across two continents. The heir looked for and

got the so-called adventurer and if he has an excuse for his failure, this is to have been wrong with others: after all, like Vivendi, Time Warner with AOL has stumbled pursuing the same goal in the US. Is the psychological part of the story more valid than the business one? Is it that at the top, the drive for personal supremacy even supercedes economic interests of the company and competition turns into a battle of egos? Egos are quite fragile then. After the fall of the mogul, the winners and former enemies, Bronfman and Diller, were doomed to groom each other one's. The loser Messier, profuse with press interviews and eager to share the stage with rock stars, had pushed megalomania to the point of writing a biography called J6M.com, short for Jean-Marie Messier, Moi-Même, Maître du Monde (Jean Marie Messier, Myself, Master of the World). Hence the only M that he really cared for and that led to his fall was this of the man's name he was aspiring to be like, Murdoch. The sole story that makes sense is again that of desire inspired by someone else's and mimicking someone else's. Mimesis makes desire ontological and this is this ontological dimension that lures the protagonists of desire, with rivalry leading both rivals to believe that desire is theirs, while all they genuinely have is one another.

III Concluding Remarks.

Conventional choice theory is unreformable though a return to hedonism. Reformation along neo Benthamite premises attempted by well-being psychology ends up in the same swamps in which early cardinalist utility theory had drowned.

The way out of utility-based choice theory is through the theory of mimetic desire. Because it definitely sweeps away teleological hedonism that spoils decision theory since its borrowing from Bentham by political economy, the theory of mimetic desire ignores the utility concept, or rather naturally denies it any value, whether normative or positive. Mimetic desire is not about consequences, rewards or anything to be gotten. It has an existence because and only within the context of a rivalry and vanishes when rivalry happens to end.

Girard's theory of mimetic desire has peculiar relevance for choice theory. Dazzling and most welcome consequences for demand theory follow. It will now be possible to think of

demand without going through the specious story of hedonic subjective valuation that still lies behind well-behaved demand curves, not to mention avoiding the intellectual contortions needed to breach the abyss separating normative and positive sides of the conventional theory of the consumption. Mimetic desire manifests also in consumption. Neither sought for pleasure nor rationally motivated, consumption for the satisfaction of needs gets unnoticed as a subjective experience. Imitation as a motive for consumption therefore needs to be created, again and again. This is what product differentiation is all about: borrowing models from wherever to turn them into consumption models, who shall fashion desire.

Incidences on choice brought about by the theory of mimetic desire call for changes on the supply side as well. No more than consumers, entrepreneurs at any level of the economic ladder are these paragons of rationality which conventional theory talks about. For sure, nobody would deny that more efficiency is better than less because a more efficient firm generates more profits. But whether profits are the drive of competition and more efficiency the outcome of the later is what the theory of mimetic desire casts serious doubts about. Transformations by which firms merge with, acquire or block others when they turn down a deal, are not motivated by economic objectives like gains in efficiency and profits often serving as an ex-post and misleading justification for the markets. The drive to hire as the drive to hoard is desire suggested by the desire of someone else who has become a model. Competition does not become fiercer as a result of high stakes, but this is mimetic desire that makes stakes high. Consequently the outcome is either market value of a firm divorcing with prospected profits or “entrepreneurial capacities” not paid for its theoretical price, profit.

¹ As shown from the last result of Antonio Damasio’s research, whose one of the hypothesis is that emotion is part of reasoning and decision-making. “Le bonheur et la tristesse filmés directement dans le cerveau”, *Le Monde*, September 22, 2000. (« Happiness and Sadness Directly Recorded in the Brain »).

² “...Et bientôt, machinalement, accablé par la morne journée et la perspective d’un triste lendemain, je portais à mes lèvres une cuillerée du thé où j’avais laissé s’amollir un morceau de madeleine. Mais à l’instant même où la gorgée mêlée de miettes de gâteau touchait mon palais,

je tressaillis, attentif à ce qui se passait d'extraordinaire en moi. Un plaisir délicieux m'avait envahi, isolé, sans la notion de sa cause. [...] Et dès que j'eusse reconnu le goût du morceau de madeleine trempé dans le tilleul que me donnait ma tante (quoique je ne susse pas encore et dusse remettre à bien plus tard pourquoi ce souvenir me rendait si heureux), aussitôt la vieille maison grise sur la rue, où était sa chambre, vint comme un décor de théâtre, s'appliquer au petit pavillon donnant sur le jardin, qu'on avait construit pour mes parents sur ses derrières (ce pan tronqué que seul j'avais revu jusque-là). Proust, Marcel, *Du côté de chez Swann*, 1954, pp 58-60. "And soon, mechanically, weary after the dull day with the prospect of a depressing morrow, I raised to my lips a spoonful of the tea in which I had soaked a morsel of the cake. No sooner had the warm liquid and the crumbs with it, touched my palate than a shudder ran through my whole body, and I stopped, intent upon the extraordinary changes that were taking place. An exquisite pleasure had invaded my senses, but individual, detached, with no suggestion of its origin. [...] And once I had recognized the taste of the crumb of madeleine soaked in her decoction of lime-flowers which my aunt used to give me (although I did not yet know and must long postpone the discovery of why this memory made me so happy) immediately the old grey house upon the street, where the room was, rose up like a the scenery of a theatre to attach itself to the little pavilion, opening on to the garden, which had been built out behind it for my parents (the isolated panel which until that moment had been all that I could see); *Swann's Way*, 1934, p.54-55-58.

³ Stendhal, *Le rouge et le noir*, Paris, Garnier-Flammarion, 1964, p 43 (*The Red and the Black*, 1991, p. 15).

⁴ "A Carpaccio in Venice, Berma in *Phèdre*, masterpieces of pictorial or dramatic art which the glamour, the dignity attaching to them made so loving to me, that is to say so indivisible, that if I had been taken to see Carpaccios in one of the galleries in the Louvre, or Berma in some piece of which I had never heard, I should not have experienced the same delicious amazement at finding at length, with wide-open eyes, before the unique and inconceivable object of so many thousand dream(Marcel Proust, *Within a Budding Grove*, 1924, p.15).

⁵ *Ibid*, p.17-18.

⁶ This link between mimetic rivalry and violence is at the heart of Girard's hypothesis in fundamental anthropology, which states that the experience of the contagion of violence is at the root of the victimage mechanism, laws and rituals, and the victimage mechanism the basis of religion. Girard, *Violence and the Sacred*, 1977 and *Things Hidden since the Foundation of the World*, p.3-138.

⁷ René Girard, *A Theater of Envy: William Shakespeare*, (*Shakespeare. Les feux de l'envie*, p.19-40).

⁸ Like for example, Sprite's advertisement with the famous basketball player Kobe Bryant, advertisement whose slogan is "obey your thirst". The point is "to obey one's thirst"... as Kobe Bryant does.

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