

The Contribution of Cultural Heritage to Society: Is Doing Good Ethical and Rewarding?

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When Kristin Hld offered that I introduce the topic of this session, she added: “Try to be provocative”.

To do so in this short period of time, I would like to raise four questions and then try to contribute to their answers:

- How and when is the protection of cultural heritage ethical?
- For whom are we protecting?
- Is cultural heritage a public good or is it publicly funded because it has merit?
- How just is the model of cultural heritage protection?

To address these questions, I shall take a different route from the usually treaded considerations and politically correct opinions on the contribution of cultural heritage to society; I shall attempt to put this contribution as we understand it to the test of ethics and the economy.

Do kindly note that I shall concentrate on the built cultural heritage and shall omit the museums from these considerations, though recognizing that the contribution of museums to society and to the economy could prove to be often higher than that of the built heritage.

In Europe and elsewhere, the resources available to public spending are stalling or diminishing while the recovery is slow. Social welfare has suffered and the arts and cultural heritage as well. Though this trend has already been with us for some time, we continue as if nothing has changed. More and more relics of our past are now unused, abandoned, in dire need of restoration and have lost all utility to society and the economy while the lists of protected goods keep expanding.

Many different specialties and trades are active in this field and most live from it. Others benefit as well, indirectly, from the presence and uses of cultural heritage: tour operators, guides, travel agencies, hospitality owners or employees, printed and audiovisual materials

producers, subcontractors of all sorts. Cultural heritage is becoming an industry, but it continues operating with the same tools that have become obsolete.

We say that this industry protects representations of our pasts, unveils our roots, uncovers our history, provides new opportunities of income and employment, creates a peaceful and soothing environment, does good to society. This is how we justify the continuous increase in the numbers of listed cultural heritage and our need for financial and legal public support; though these justifications are still insufficiently checked by hard data and evidence.

Note here that in spite of several attempts by the UN, UNESCO, the EU, the World Bank and others, a clear identification of cultural heritage and of its components is still lacking in most of the countries' national accounts and nomenclature of economic activities. Any measure of the contribution of cultural heritage to the economy remains based either on case-specific surveys or on extrapolations from aggregate data.

This being said, let us move to ethics.

In the "Nicomachean Ethics", Aristotle wrote about ethics and politics, identifying the highest good with intellectual virtue. We read¹:

“Every art and every inquiry, and similarly every action and choice, is thought to aim at some good; and for this reason, the good has rightly been declared to be that at which all things aim. But a certain difference is found among ends; some are activities, others are products apart from the activities that produce them. Where there are ends apart from the actions, it is the nature of the products to be better than the activities.”

And to decide on the best and most important good to society :

“For even if the end is the same for a single man and for a state, that of the state seems at all events something greater and more complete both to attain and to preserve; for though it is worthwhile to attain the end merely for one man, it is finer and more godlike to attain it for a nation or for city-states.”

Following Aristotle, and if our involvement in cultural heritage aims at bringing good to our society, to the people we work for, all our activities at each stage of any process should be

¹ Complete Works of Aristotle, Volume 2; The Revised Oxford Translation Book; Editor: Jonathan Barnes, Princeton University Press. (1984)

geared towards achieving this good. From the identification and the listing of cultural heritage until the funding of its conservation, its restoration and reuse, each step and activity should be decided upon and undertaken with the objective of contributing to the ultimate good.

We can deduct also that the listing that does good to society is more important, higher, than the good done to a single person. Does this mean that a listing that does good to society is above any harm such listing does to the owner of the listed good?

Who in this process decides that a given listing does good? And is this person able to take the right decision?

Aristotle tells us that the good judge is the man who knows, who has been educated in the subject he is to judge and that the man who has received an all-round education is a good judge in general.

If the best judge of what is “good” is the experienced person who knows, we could say that it is up to the cultural heritage specialists to decide. But here, another question comes to the mind: is it the heritage specialist who knows best about the ultimate good, the good for society?

If the ultimate goal is to do good to society, then the decision falls within the realm of policies.

Can we be sure that the interests of a few involved in the process do not guide such decision?

The Athenian society and politics in the period of Aristotle were different from ours and its democratic process simpler:

- There was a clear separation of authority between the private sphere – to which the *Oikos* (the family economy and the necessity) was assigned and that of the *Polis* (the politics and the freedom) which managed the public components of society and the city;
- The territory, today a fundamental component of the State, was of little importance - in Ancient Greece, the State’s foundation was its people, not its territory.
- Decisions remained limited to a small number of families who kept the upper-hand

in the polis and on the Oikos.

Today, democracy is more complex and its tools are more elaborate. In our democracies, the “experienced ones” of Aristotle, those who know what is good for the people are of a different ilk than those in Ancient Greece: they may come from a variety of fields and the decision can be the result of many opinions taken at different levels.

Of particular importance to our theme is that the Public sphere – the *Polis* – has become more powerful and extends its authority over large parts of the private sphere: today’s *Oikos* is subjected to a variety of rules and obligations produced by the public sector, technicians and decision-makers.

This takes us to the field of economics, more particularly to that of Welfare Economics.

Dave Beech is Professor of Art at Valand Academy at the University of Gothenburg. In 2015, he wrote a short essay on the “decommodification” of art² in which he questioned the role and impact of the funding of arts by the Welfare State.

The development of Welfare Economics, championed by Arthur Cecil Pigou in 1912³ reinvented the state as an economic agent of the redistribution of wealth. It later added art and the protection of monuments and historic buildings to the list after those urgent social needs (health, old age, education, unemployment, housing) for which the state took responsibility to guarantee universal provision. It is agreed that art and cultural heritage, not contributing directly to the provision of the urgent needs of the poor, are not natural candidates for the list of the urgent social needs the recognition of which created the Welfare State⁴.

As said before, it remains to be proven by hard data and more research how and how much does cultural heritage directly contribute to economic growth in a more efficient manner than other factors of wealth production and whether it alleviates more the conditions of the poor fringes of society. Until that time, the public funding of cultural heritage – in the eyes of liberal economists, will remain unthinkable.

² Incomplete Decommodification: Art, State Subsidy and Welfare Economics; in PARSE, Platform for Artistic Research in Sweden, Journal Issue 2, November 2015; University of Gothenburg.

³ Arthur Cecil Pigou, Wealth & Welfare, 1912.

⁴ Richard Musgrave, The Theory of Public Finance, McGraw Hill, New York 1959.

In the mid 20th century, Richard Musgrave added to welfare economics the theory of a good that is publicly funded because it has merit. The “merit good” is close to public goods but comes second to it: everybody benefits equally from a public good (food control, sanitation and health care, judiciary and security) that does not belong to private goods and cannot be replaced by a similar one in the market. Not everybody can equally buy security or health from the market⁵. In my opinion, the concept of merit good fits well cultural heritage: it qualifies for some public financial support but not like public goods that are almost fully funded by the State.

This public funding of cultural heritage – even incomplete - has led to a process of “decommodification” by extracting for a part these goods from the grasp of market forces, hence sacrificing economic rationale. As John Kenneth Galbraith recommended in a conference he gave in 1966:

“The remedy, in each case, is to subordinate economic to aesthetic goals — to sacrifice efficiency, including the efficiency of organization, to beauty. Nor must there be any apologetic nonsense about beauty paying in the long run. It need not pay.”⁶

The immunity from the market is directly proportional to “the strength, scope, and quality of social rights”. The “social right” of cultural heritage being less important than the universal public provision of “the core areas of human needs”, one should not always expect from the State a full protection of all cultural heritage.

So, what does cultural heritage, as a “merit good”, bring to society and the economy? What is its contribution and what are its constraints?

Three aspects deserve to be looked at. They are: Decommodification; Utility and Reuse; Social Justice.

- **Decommodification is never total.** Market forces continue to play even for those cultural heritage goods that are under the full authority of the State (state owned). Cultural heritage management is today a mixed production process in which inputs are public and private, and the output being a merit good owned privately or publicly. The degree of one

⁵ Richard Musgrave. *The Theory of Public Finance*. 1959. p. 9

⁶ J. K. Galbraith, Lecture 6: The Cultural Impact. Reith Lectures. Transmitted 1966-12-08.

ownership or the other is directly related to the share of public funds in the overall operating and investment costs of the cultural heritage good.

- **Reuse of cultural heritage in a manner that fits its tangible and intangible values** comes next. The economic and partly the social utility of a heritage good determine its ability to contribute to society. How does the utility function apply on cultural heritage?

A heritage good is always unique and cannot be replaced by another. Since the economic utility of any good is function of its availability, the more of the same type of heritage goods in a given area, the lesser the utility of this heritage good to the public and to the economy. Conversely, since it is the uniqueness of heritage goods that make them valuable, having less heritage of the same type increases its utility and value; but it also reduces its global contribution to society and the economy because of the limitations to uses imposed by its protection.

Here, the paradox of heritage resides in the felt but unreal opposition between cultural and social utility on one hand and its general economic utility on the other. As soon as a heritage good enters the market, it combines the two utilities. The ratio of each type of utility is function of several factors but depends mainly on its ownership - public or private - and hence on the degree of funding by the State. Its utility resides also in the fact that the offer of heritage assets is not elastic.

How then can we maximise the social and economic use value of heritage and maintain its heritage values?

Under conditions of elasticity of supply, when the stock of heritage varies according to the demand, the more heritage is used the more the total social and cultural utility of heritage is supposed to increase while its marginal utility decreases. The total economic use value - total utility - of heritage increases until the absorption capacity of the market is reached and its marginal utility becomes nil.

The limits are set by two factors pertaining to the heritage good and by the absorptive capacity of the economy:

- For heritage, there is a limit when its intangible values (historic, memorial, representative...) are damaged by the use value and when the maintenance cost of

heritage becomes higher than its total economic returns.

- For the economy and society together, utility of heritage goods depends on the capacity of society and its economy to benefit from the presence of the heritage good and to develop and maximize flows of exchange with the good. The more the surrounding society and its economy are elaborate, the more they will benefit from the heritage good.

The third issue has to do with social justice; the origins of this issue are to be found in the extension of the Polis sphere to cover parts of the Oikos and to impose limitations on the owner's use of the good. It is that of the imposition constraints on a private owner of a historic building, reducing his freedom to use his good.

Economic theory tells us that any extended protection of a good has an economic return known as the "reward of waiting"⁷ or the "reward of abstinence". Instead of spending, consuming or simply destroying his property, its owner decides to keep it, postponing hence an possible income from its destruction or sale. This decision could well have been taken against a possibility of high returns from a tourist or real estate operation. To paraphrase Joan Robinson and since heritage sites are not abundant and will never meet the exceeding and ever-increasing demand, there should be property in them in order that they may be used in an effective manner. Again, it is the scarcity of these capital goods that makes income from their property possible.

Abstinence and waiting are different from lending. An individual who has lent to a safe debtor has merely to allow time to pass to gather in his agreed interest. Contrary to the lender, the owner who waits has to continue catering for the preservation of his good until the time of consumption. Hence, his reward must cover also the discount of the future; it should be higher than today's interest rate applied to today's value of his good.

The solutions devised so far by the Polis for compensating the owner who decides not to destroy his heritage good remain insufficient. Seldom do they cover the loss of revenue caused by the protection. This means that private owners of heritage goods usually suffer

⁷ Joan Robinson provides us with an interesting reading of this concept in her book « The Accumulation of Capital » (Macmillan St Martin's Press, London 1956) on page 393, in a section entitled « Income from Property as the Reward of Waiting ».

two injustices: the first is the inability in most cases for the State to compensate the owner for the direct and indirect costs imposed on him by the protection of his good; the second is the opportunity cost lost due to the decision to protect. A clear example is that of adjacent and equal plots; one is a protected good while the other is not. The owner of the first one cannot benefit from his property as much as the other one could.

This situation we are confronted with today is rooted in two factors: one is the inflation of the welfare state followed by its recession caused by the series of financial crises that started in 1997⁸; the other is the transformation of what we call today “cultural heritage” and of the inflation in listing and protecting. Both the managers of the welfare state and the managers of the heritage goods thought they could continue unchecked. Hard facts have proven them wrong.

The Welfare State and, by extension, the public funding of culture, are based on taxation. If the economy shrinks or people’s willingness or capacity to pay taxes fall, the Welfare State will lose the ability to cater for some societal needs.

More: the Maastrich criteria limits the size of public deficits and debts, reducing the ability of the States to continue an ever-increasing welfare system. Between 1960 and 1995, the average public spending as a share of national income in industrial countries rose by 20% and the public sector deficits increased from 2% to 10% of GDP, while taxes have gone up by more. This shows that a large part of the fiscal imbalance is structural and not cyclical: even without the last financial crisis – that is not finished yet, the welfare state would have become unsustainable.

Since 1960 and for the total OECD countries⁹, public expenditures as % of GDP rose from 28,5% to nearly 45%, but social expenditures for the same countries increased from 10% to more than 25%. The trend has stabilized since 2000 with a slight reduction for the recreational and cultural expenditures.

⁸ For this part, see: Robert Skidelsky, Beyond the Welfare State, published by the Social Market Foundation, London 1997.

⁹ Skidelsky, idem.

One last and short Comment on The Concept of Cultural Heritage that has been much enlarged to cover more and more types. Minted in 1960s, it replaced those of “monument” and “historic monument” as defined by Alois Riegl in the early 20th century¹⁰.

On the enlargement of the scope of cultural heritage – taking more increasingly more types than the monuments and historic monuments, Alan Peacock spoke of the “unusual features of heritage production” in a conference¹¹ given at the British Academy in October 1994,:

A large proportion of artefacts are not produced with the idea of reminding us of our past, They become identified as heritage goods usually by archaeologists and historians who have obtained some form of official recognition or public acceptance of their status as experts in determining their artistic or historical significance. These experts exercise a pronounced effect on the accretion process, which is reinforced by their influence as holders of senior positions in the heritage services which are provided by public institutions not normally subject to market forces....

.....

The stock of “significant” heritage artefacts, therefore, is by a process of accretion rather than by organized production. It follows that the potential stock of artefacts cannot be responsive to collective or individual demand for possession... “

Finally, I hope that I did not show excessive pessimism. Questions about the excesses of the list are starting to be raised; there are several innovative approaches devised for funding and compensations, and for the increased adaptive insertion of cultural heritage in society and the economy. The role of the private sector in cultural heritage management and funding is on the increase. Some countries and institutions have been showing the way forward since dozens of years and inspire more and more other countries.

Hope is there, in spite of the drastic changes we need to bring to our field.

Thank you.

¹⁰ Alois Riegl, The Modern Cult of Monuments; originally published as *Der modern Denkmalkultus: Sein Wesen und sein entstehung* (Vienna: Braumuller, 1903).

¹¹ Alan Peacock, A Future for the Past: The Political Economy of Heritage; Keynes Lecture in Economics, The British Academy, read on 27 October 1994.