

PART I.

I.1. Introducing economics of conservation

This first part attempts at defining the object of analysis as precisely as possible.

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1. The peculiar distinction in English between 'economics' as a science and 'economy' as a frugal virtue must not obliterate the etymological link existing between economics and a careful use of limited resources. In this particular sense, the tools developed by economics as a science may be said to address a vast array of human activities, inasmuch as they are characterized as the satisfaction of **needs** covered by the use of **resources**.

2. Since the origins, man has tried to satisfy different categories of needs, from the basic ones like food or shelter to more sophisticated needs often dictated to him by the kind of society in which he lives.

Now, the consciousness that the resources needed to cover these growing needs are not inexhaustible has led to the rising awareness that well-being in the future will depend on their careful utilization, rationally planned and optimally designed. Hence the rediscovery of healthy economic(al) principles in the overall problem of resource monitoring and the emergence of a new body of literature on the subject of efficient allocation in fields until then unapproached.

3. On the other hand, granting an **economic value** to things has become more and more important as allocation and efficiency problems develop (implying hereby the delicate subject of the choice between feasible options). Limited in the past to problems easily transformed into figures, the field of economics has now extended to matters in which not only quantitative but also qualitative data are used for interpretation purposes. The perception that objective evaluation is not always possible and that qualitative factors are important features of the world surrounding us has given rise to a growing use of carefully balanced qualitative statements in economics.

This opening to qualitative matters has brought about a whole new field of research for economists, now able to tackle questions like the efficiency of health or transport systems, of museum or justice management.

4. Cultural economics or "economics of the arts" are a relatively recent branch of this new field, initiated in the US at the end of the 1960s. Before that, in 1956, W.J. BAUMOL and W.G. BOWEN¹ studied particular aspects of

¹BAUMOL, W.J. and W.G. BOWEN (1966), *Performing Arts the economic Dilemma*, Twentieth Century Fund, New York.

culture but not with the overall perspective of opening a new field of investigation. They rather put the accent on the financial aspects of artistic performances, and on the comparative use of private vs. public funds in Great Britain and the US.

This book was followed by a great number of articles that progressively established the body of cultural economics. Some of them studied individual transactions in the artistic field, some went deeply into the functioning of cultural organs and the impact of political measures taken in the cultural field, others analysed the behaviour of suppliers and demanders of cultural services.

5. A careful look at these contributions reveals their extreme diversity, but it is important to notice that the most frequent themes tackled are the financing of culture (subsidies...), the evaluation of public expenses, price formation on "cultural" markets, market efficiency and the application to the cultural domain of traditional economic concepts like welfare, cost-benefit analysis, agent behaviour and market structures.

6. One of the first books on the subject of cultural economics was a compilation of articles by M. BLAUG² revealing the diversity of research undertaken and the growing interest in using the cultural field as a test for the concrete application of fundamental economic tools. This work is also representative for the aim that economists want their discipline to reach : "Economics is indeed more than a collection of techniques for investigating the workings of an economic system. It is a way of looking at the world, being a special case of a much more general logic of rational action. For that reason, economists experience little difficulty in appraising activities which appear, at first glance, to have nothing to do with economic ends; their apparatus will not always be equally illuminating but in a surprising number of instances, it yields immediate, dramatic insights".

7. **Cultural economics** deal with the entire cultural spectrum : performances (opera, ballet, concerts, theatres), cultural industries (edition, television, cinema, records), museums, art galleries, festivals, exhibitions, visual arts (painting, sculptures), and cultural built heritage.

Cultural built heritage, in short CBH, represents only a fraction of the contributions mentioned : there are few literary references, as the economic

²BLAUG, M. (1976), *The Economics of the Arts*, Martin Robertson & Co Ltd, London.

analysis of the CBH appears to be a recent subject. The first publications date back to 1983-84, with an accent on the economic effects of conservation and rehabilitation, often with a strong financial taste. Important contributions by N. LICHFIELD³ and X. GREFFE⁴ are the first to envisage the different aspects of conservation in the theoretical light of economic theory.

8. Nevertheless, growing awareness that the CBH now represents an important resource (not only economic, but also as an agent of educational, intellectual dynamism and collective equilibrium through the identity it contributes to found) has led public authorities (on the European, as well as regional and national levels) to invest in a better knowledge of CBH as a contributor to economic wealth.

9. In that sense, studying the CBH leads us to investigate various directions :

- its "cultural" dimension ("cultural economics")
- its "non profit", government-initiated aspects ("public economics", particularly in the fields of cultural policies, funding and management)
- its "tourism" dimension (its attractivity and all the impacts it induces on a local economy)
- its "historic city" aspects, both in its urban environment ("urban economics", town planning and development) and in the larger perspective of sustainable development.

10. But before that, an essential operation is the **identification of the objects belonging to the CBH**. The very notion of CBH is a difficult one, its meaning varying in time and space, according to various cultures and traditions. The problem is the same with the values attributed to the CBH, inducing the various degrees of respect and interest attached to it in the different countries.

11. A closer look at the expression "cultural built heritage" enables us to approach the concept more in depth.

Clearly, CBH has to be "built", i.e. we exclude de facto natural heritage, natural sites like the Grand Canyon, although we could accept "elaborated by man's hand", so that the Lascaux caves could be said to be part of the CBH.

Second, it has to be "inherited", meaning "coming from the past", "of a certain age", though this criterion is not quite precise (can relatively recent monuments like the Louvre Pyramid already be included in our list ?).

Finally, it has to be "cultural" : there of course lies the main trouble, as the notion of culture varies extremely from one civilisation to another. It alludes to an indefinable but recognisable element which current society would wish to pass on to posterity.

12. The problem of the **exact definition of the CBH** is an extremely complex one. If CBH was composed before only of buildings exceptional for their aesthetic qualities, for their originality, and above all for their age (conferring their "historicity" to cathedrals, abbeys, town halls, palaces and antic ruins), it is no longer the case today. Indeed, the notion of CBH has been enlarged as far as its typology, age, artistic and historic significance are concerned, the consequences being that the number of recognized "monuments" has considerably increased, that their role in everyday life has been fundamentally modified and that the economic significance of the CBH has taken a wholly new dimension. The very notion of CBH has evolved through time from the sole monument to the historical site, the architectural group of buildings (a street for example), but also witnesses from our social and industrial past (like old factories, mills). Nowadays even contemporary pieces are taken into account and scheduled as monuments : the Wandre bridge (erected in 1989) and the hydraulic elevators on the Canal du Centre in Belgium have been enrolled on this country's list of "exceptional" monuments in 1993.

13. International institutions like UNESCO and the European Council have attempted to specify the notions of "monument", "groups of buildings" and "site"⁵ and have concluded that, in fact, each monument, important or

⁵At the European level, various documents reflect the European preoccupation for CBH :

- Resolution 813 (1983) relating to contemporary architecture,
- Patrimoine architectural du 20ème siècle : stratégie de conservation et mise en valeur, A. LEHNE (Vienne, 11 December 1989), CDPH (90) 3,
- Recommendation n°R(91)13, relating to the protection of 20th century built heritage, adopted by the Council on 9 September 1991.

The World Heritage Convention of 1972 for the protection of the World Cultural and Natural Heritage has the following definitions :

- monuments : architectural works, works of monumental sculpture and painting, elements or structures of archaeological nature, inscriptions, cave dwellings and combinations of features, which are of outstanding universal value from the point of view of history, art or science;
- groups of buildings : groups of separate or connected buildings which, because of their architecture, their homogeneity or their place in the landscape, are of outstanding universal value from the point of view of history, art or science;

modest, isolated or belonging to a coherent whole of separately insignificant buildings, has its place in all types of civilization as a witness of their past and has therefore to be taken into account⁶. Such a vast definition is hardly operational : indeed, if each architectural piece belonging to a more or less recent past is or can become a monument, there is no limit to "monumentality".

14. It seems then clear that there is a need for **criteria** according to which it is possible to decide whether a monument should be labeled as CBH and, as such, must be studied or not, in some cases even saved from destruction or not. These criteria (difficult to establish because again varying with time and space) should impede the blind destruction of old buildings because they were not present on a safeguard list and were not therefore "monuments"⁷. While in general there will be a tendency to include rather than exclude, the criteria will vary with the relative scarcity of the heritage (compare Italy and the United States). In some countries the main characteristic of what must be saved is age (in Cyprus, anything dating back before 1850 is automatically saved), in others, different criteria are used for objects of different dates.

15. A precise **quantification** of the CBH in the world is impossible without drawing up a general survey. This scientific survey exists, partially at least, in each European country but it has to be updated, already out fashioned by new ideas and evolutions in the field. In Belgium for instance, the so-called

- sites : works of man or the combined works of nature and man, and areas including archaeological sites which are of outstanding universal value from the historical, aesthetic, ethnological or anthropological points of view.

For an object in the 'cultural heritage' to be considered of 'outstanding universal value', it must meet one or more of the following criteria :

- represent a unique artistic achievement, a masterpiece of the creative genius, or
- have exerted great influence on developments in architecture, monumental arts, town-planning and landscaping, or
- bear a unique or exceptional testimony to a civilization which has disappeared, or
- be an outstanding example of a traditional human settlement which is representative of a culture, or
- be directly or tangibly associated with events or ideas or beliefs of outstanding universal significance;

and meet a test of authenticity in design, materials, workmanship or setting.

⁶"La notion de monument historique comprend la création architecturale isolée aussi bien que le site urbain ou rural qui porte témoignage d'une civilisation particulière, d'une évolution significative ou d'un événement historique. Elle s'étend non seulement aux grandes créations, mais aussi aux oeuvres modestes qui ont acquis avec le temps une signification culturelle." ICOMOS, Le Monument et l'homme, Actes du 2ème Congrès international de la Restauration, Venise, 1964.

⁷Heresies like the destruction of Horta's masterpiece "La Maison du Peuple" in Brussels should not happen again.

Inventaire du Patrimoine monumental (IPM) should be completed for the end of 1994, but the volume concerning the city of Liège will have to be revised in order to include 19th century CBH that had not been taken into account before. The same thing holds for a precise **typology** of the CBH : the concept of "monument" is constantly changing, influenced by the sensibility that each country has towards CBH. The most complete typology today can be found in the Vocabulaire de l'architecture published in the Inventaire général des monuments et des richesses artistiques de la France in 1972 in Paris.

16. A general survey of the CBH according to its general use would also be an efficient tool in the struggle against illegal exportation of separate parts of monuments (doors, chimneys, sculptures are sometimes being sold).

17. Once we are sure to be confronted with a monument belonging to the CBH, some **definitions** have to be given in order to determine precisely the context in which analysis of the CBH will take place. These definitions are mainly of three orders : monumental, legal, and fiscal.

18. A **monumental definition** consists in describing the analysed object according to a particular typology (already mentioned supra), including its physical description and localisation. This definition should insist particularly on the isolated or urban character of the CBH, on its conservation state, on the necessity of taking only one monument into account, or on the contrary the whole site (indeed, the analysis of one particular palace in Venice differs greatly from the same method applied to the whole city). This definition establishes a link between the scientific survey and the economic dimension of the CBH.

19. A **legal definition** of the CBH describes the legal status of the monument : is it privately owned ? or owned by the authorities (central, local) ? by a (public, semi-public, private) association ? Does the monument benefit from a special legal status ? Is it protected ? enrolled in a survey of the CBH ?

20. A **fiscal definition** consisting in a description of the fiscal status of the CBH (tax exemption, subsidies...) is important, as legislations vary across countries⁸.

21. The elaboration of surveys, according to particular criteria, and the use of fiscal, legal, monumental definitions constitute a great step forward in the analysis of the CBH, and the role of architects, art historians, archaeologists is clearly an important one, but *what part can the economist play in this concert of art- and law-related disciplines* ? Economics can be defined as a careful evaluation of efficiency in the use of a particular resource, in other words how not to waste it, with or without due reference to any financial notion of profit or loss.

22. Whereas economic analysis can be justified by the necessary congruence of limited resources with the multiple possible uses of these resources, the final choice is not the economist's, but has to be made by the one in charge -be it an individual (policy-maker, occupier, owner...), a firm or a collectivity. The role of the economist is merely to illustrate economic conditions and consequences of various decisions concerning the uses of the CBH but he should leave a set of options open and he should not get involved in aesthetic, artistic or historic debates.

23. To the question "how can the economist contribute to a valuation of the cultural element in the CBH ?", all authors agree to answer that he can register "signals on value", i.e. what buyers are prepared to give up for the utility from the goods and services which are exchanged, or the cost of achieving this utility. From this, his particular contribution will be to establish the nature of costs and benefits to all or particular sectors of the community which will experience them, and to assess the relationship between such costs and benefits in order to advise, on particular economic criteria, whether the expenditure of resources on that particular outlet will be worthwhile in terms of viability, and whether it will represent "value for money" compared with expenditure on other outlets. But, if the necessity of attributing an economic value to things can be justified, it remains that, particularly in the case of CBH, the economic view is complementary to the others, and only contributes to the global picture of CBH.

⁸For this particular matter, see I. CLAEYS BOUUAERT, "Problèmes fiscaux des maisons historiques dans les Etats de la CEE", Study realised on behalf of the Commission of the European Communities in 1979 (XII/7728/79-F.).