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Promoting France's Cultural Heritage

EDITORIAL

Report by Françoise Benhamou and David Thesmar

The economy and culture have more and more meeting points, but these do not contribute enough in analyses and public policies when considering the drawing power of territories, growth and jobs creation.

This report is dedicated to the promotion of France's cultural heritage, focusing attention on tangible assets (museums, national collections, historical monuments), without forgetting the intangible (arts trades, know-how).

To evaluate and act on something, first you must know it well. That is why the initial proposals are about creating databases, as well as improving knowledge of citizens' willingness to pay. This latter aspect is essential in evaluating and potentially reforming pricing systems. The method by which heritage is funded has consequences not only for cultural consumption, but also for the distribution and redistribution of resources. It is not independent from the recommended institutional framework for cultural heritage, particularly increased decentralisation toward local communities.

Christian de Boissieu
Executive Chairman of the CAE

This report by Françoise Benhamou and David Thesmar is dedicated to public policies promoting France's cultural heritage. Starting with an inventory of tangible and intangible heritage, it proposes items for evaluating the importance of this sector in the economy, specifically in terms of jobs and externalities on tourism. The argument put forward by the authors is, indeed, that heritage is both a tool and a consequence of growth. It involves substantial costs, but it is a formidable lever for the overhaul of an image and the drawing power of a site or area. As such, it can be considered an asset that should be promoted. But this promotional approach requires public involvement, because the sector has a certain number of market defects, which the report analyses in detail. This leads the authors to weigh the public policies to be carried out to promote heritage more effectively.

This report was discussed in the presence of the Minister of Culture and Communications on March 1, 2011. This letter, published under the responsibility of the permanent committee, summarises the authors' main conclusions.

France's cultural heritage: a 'star system' approach

These days, the concept of heritage covers multiple components: national collections and museums, archaeological sites and digs, historical monuments or those that are in the inventory, preserved districts, and, increasingly, unclassified heritage promoted under the *Fondation du Patrimoine* [Heritage Foundation]. Finally, this tangible heritage is joined to an intangible heritage, including know-how and the arts trades, as well as archival holdings and libraries.

This rich heritage (see table) is used unequally throughout the territory, because five historical monuments receive 56% of visitors (see graphic), while 50% of museum-going is focused on 1% of France's museums. This 'star system' results in highly unequal income: only five of the monuments managed by the *Centre des monuments nationaux* (Centre for

National Monuments) are benefiting, because they have the most visitors.

While heritage properties, whether public – as is the case for 50.5% of buildings rated or registered – or private, have a definite value for the community, the importance of the heritage sector in the economy is difficult to evaluate. However, the available information reveals that public expenses for heritage reached €1.5 billion in 2010. But the division between direct public spending (subsidies) and indirect public spending (tax credits) is poorly understood, and private spending is very under-evaluated.

On the other hand, a certain number of data make it possible to assess that close to 100,000 direct jobs (curators, guards, art workers, etc.) are generated by the heritage sector alone, while the cultural sector as a whole has 492,100 employees, which places France slightly below the European average.

Market defects and reasons for public action

Several reasons developed in the report justify public action in the heritage sector.

The *public good* attribute of heritage is one: in the absence of public involvement, the contributions of users alone would not be enough to maintain heritage.

The effects of heritage on the retail sector, particularly on tourism, are another. Indeed, the fact that the tourist industry benefits from the maintenance and promotion of cultural heritage, but contributes little to it, is a *positive externality* justifying public action. Moreover, public action is all the more necessary because increasing tourism has negative effects on the population (e.g. rising prices on non-tradable goods, congestion of public services). Finally, cultural heritage has a positive externality on certain artisanal or artistic business lines, letting them survive, even thrive, and generating comparative advantages on export. This being the case, the role of the government is not, according to Françoise Benhamou and David Thesmar, to support all of the endangered business lines when the market cannot do so itself, but rather to focus available resources on the most promising art trades.

The high *fixed costs* and *increasing returns* associated with existing heritage are a third factor in the market's defects in this area. As for digitisable intangible heritage (works of literature or musical recordings now in the public domain), these plead for free access. For tangible heritage, however, this free approach has

its limits. Indeed, the marginal cost of one more museum-goer's ticket is zero - up to a certain attendance level. Beyond that threshold, each visitor ends up imposing additional obsolescence and agency costs that must be factored in to the ticket price. What's more, at the saturated museums and sites, the negative impact of *congestion* on visit quality must be recognised, e.g. by using tolls to regulate entry into and traffic within city centres.

The last category of arguments in favour of public action in the cultural sector has to do with the lack of *consistency in the preferences* of economic agents, and with the concern for *redistribution* of public policies. Thus, it would be the government's task to motivate those individuals who

underestimate the benefit of cultural experiences to visit museums and monuments. Though there is no argument against the need for taking action with young people by educating them about art, for other economic agents, the argument is more debatable, because it relies on a paternalistic approach that means the criteria for legitimate public involvement must be spelled out. Françoise Benhamou and David Thesmar are just as critical of the arguments for free access to heritage on redistributive bases. Indeed, on the one hand, regulation by price is a less effective instrument of redistribution than income tax and social transfer policies. On the other hand, free access policies create bargain effects and result in going without potential revenues.

Paths of reform for public policies promoting heritage

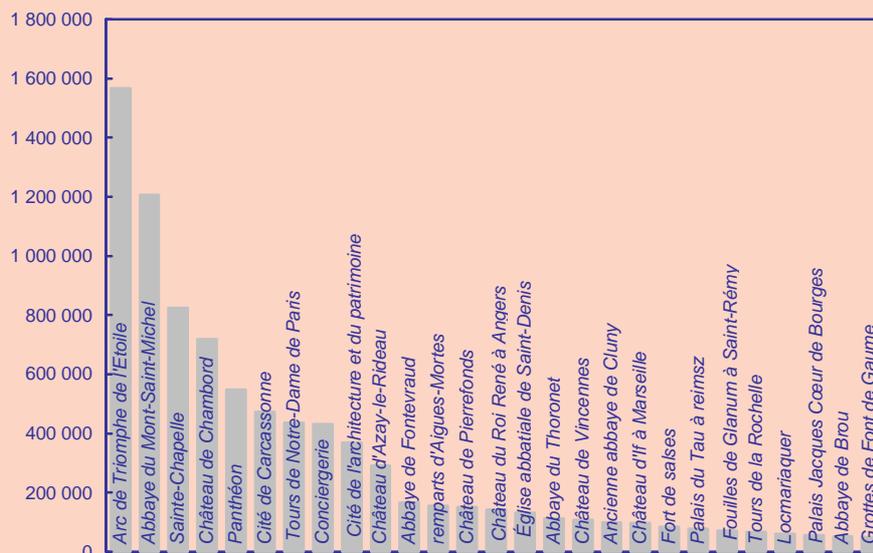
The recommendations of Françoise Benhamou and David Thesmar in matters of public policy are built around four major focal points, and attempt to account for the dual concerns of conservation and promotion.

Evaluation and measurement

Like all public policies, promotion and maintenance of heritage must be evaluated. To do this, the authors recommend going beyond simple impact studies, which have been found inadequate, and instead using the *measurement of the citizens' willingness to pay*, which, even if it introduces biases, does make it possible to evaluate the size of the externalities and therefore the legitimate amount of public subsidies in the eyes of citizens.

Moreover, Françoise Benhamou and David Thesmar call for a *detailed database on the national collections and the classified and listed heritage* that would include information such as the number of visitors, investments, acquisition dates and prices of works, hours of operation, etc. At the same time, the method for statistical tracking of tourism should be improved.

Visits to historical monuments in 2008



Source: Ministry of Culture, 2010.

France's cultural heritage - key numbers (2009)

1,212 museums in France

459,415 archaeological sites, 861 digs (2007)

43,180 protected historical monuments

100 preserved districts

605 architectural, urban, and landscape heritage protection zones (ZPPAUP)

6,607 labels assigned by the Heritage Foundation to unprotected heritage

217 fine craft business lines, 672 companies labelled 'living heritage companies'

Approximately 5,000 libraries and 354,000 linear metres of archival holdings (2007)

Consolidation of heritage funding

The externalities that the heritage sector imposes on the tourism sector in particular are behind the issue of economic effectiveness which the report's authors propose to resolve by increasing the visitor's tax to 6% of the rate for one overnight, and allocating that income to heritage maintenance and promotion. Thus it is a way of increasing the share of funding for heritage maintenance by the sector that reaps the greatest benefit from it. Nearly one billion euros could be collected this way.

In the interest of more sustainable heritage funding, the authors also recommend more flexible pricing by museums and historical monuments. Pricing that varies according to time of day and time of year could be made universal. Museums that are subsidised by taxpayers should also be able to significantly increase prices for non-European Union residents, who are less price-sensitive.

Finally, they recommend creating endowment funds for the major museums, and making museums and monuments more responsible for managing their commercial activities.

Preservation and diversity

To prevent a few locales from being congested when all the others are practically deserted (the 'star system' approach), Françoise Benhamou and David Thesmar recommend improving public information about underused monuments and museums, and using all authorised digital tools to promote the heritage in all its diversity.

At the same time, the drive of cultural institutions in terms of hosting school and high school groups should be evaluated.

Furthermore, so that national collections may be enhanced during a period of shrinking public finances, the authors propose decentralising investment decisions to the most local echelons. It would mean making the transfer of monuments to local communities more beneficial with the assumption of certain costs. Another method consists of making museum acquisition procedures, which are still opaque, more simple and transparent. It is also recommended that a procedure be established for selling works and allocating the revenue exclusively to new acquisitions.

Finally, to better protect 'minor' heritage, which is neither classified nor listed, the authors recommend improving publicity for the Heritage Foundation's actions, and developing patronage with targeted information campaigns.

Promoting intangible heritage

As consumption of digitised intangible heritage does not create any congestion effect, it is legitimate and economically effective to make that intangible heritage available to the public free of charge. However, the question of funding the digitisation of the works persists. To answer it, Françoise Benhamou and David Thesmar propose allocating a tranche of the «Grand emprunt» (public borrowing for strategic expenses) to digitising the intangible heritage and investing it in research & development on conserving digitised documents and improving search functions.

Concerning the art trades, the authors suggest increasing the size of their market while also increasing the number of actors in that market using two complementary means. First would be promoting support for

exports, e.g. by encouraging more of the presence of small companies in international trade shows. Second, increasing recruitment of professionals, thereby breaking with the hyper-selective approach that characterises the art trades.

Finally, Françoise Benhamou and David Thesmar recommend professionalising the promotion of 'cultural brands' by e.g. developing a promotion agency or continuing education programmes in negotiating and, more generally, promoting heritage.

Comments

In his comments, Philippe Trainar stresses the advantage of a broader definition of cultural heritage as an economic sector and asset, including intangible heritage. But he regrets that the dangers of continued expansion of the field of cultural heritage, which he feels leads to its commoditisation, are not recognised.

He also considers that, in their analysis of the foundations of public involvement, the authors underestimate the political and budgetary dimensions. Their approach to heritage in terms of public good and limited consumption must not obscure the fact that heritage is above all an asset that gets its meaning from comparison with political objectives, be they nationalistic, ideological, educational, or identity-oriented. According to Philippe Trainar, it is not the economic approach to cultural heritage that is imposed on the government to define what is heritage and what is not, but the government who imposes its approach onto the cultural heritage, from which it then derives an economic approach.

Finally, though he does share most of the authors' recommendations in terms of

heritage policy, he does question the effectiveness of measures regulating downtown traffic, because they may result in a decline in the well-being of lower-income households who are limited to living on the city's outskirts. He also stresses the bureaucratic burden of some measures, such as the creation of a national file of monuments that receive tax breaks. Doubling admission prices for visitors living outside the European Union seems to him to be a discriminatory practice, going against the objective of France's outreach. Finally, he finds the proposal to increase hiring in art trade connections, and breaking with the co-opting system it involves, debatable.

Philippe Mongin appreciates the way the authors were able to use the tools of 'sinister' economic science to propose a positive analysis of cultural heritage and guide the public decision.

Regretting the heritage managers' 'event management' culture, he nonetheless criticises the choice of title for the report, because it suggests, wrongly, that the authors recommend, without reservation, making heritage into something productive of economic and financial value.

For Philippe Mongin, promoting heritage in the sense of increasing its audience and drawing them in using entertainment or preferred pricing is not desirable. Thus he agrees with the authors when they recommend developing studies on the willingness to pay, increasing heritage funding via tourism, and raising prices for the major museums.