Is Increased Public Spending for the Preservation of Historic Monuments Inevitable? The French Case

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Abstract. There is a permanent expansion of the number of sites or properties listed as historic monuments in France. This expansion and the lack of productivity gains in the sector of restoration lead, within a stable economy, to an ever greater proportion of the national income being earmarked for upkeep and restoration. Hence the number of monuments to be subsidized grows. The policy does not include any mechanism of regulation. Ironically, laws governing this area have the effect of precipitating cost increases. Three possible alternatives are considered: appeals for sponsorship, merchandising, delisting.

Key words: cultural economics, cultural heritage, cultural policy, sponsorship for the arts

1. Introduction

Many experts have criticized excessive state involvement in the administration of arts, maintaining that it has the effect of misdirecting funds (Finkelkraut, 1990; Fumaroli, 1992; Schneider, 1993; Pommerehne and Frey, 1993). Some of them suggest limiting cultural policy to the upkeep of the cultural heritage.

We propose to analyse the economic function of the upkeep of the French national heritage of historic monuments. Firstly, we will analyze the foundations and the characteristics of the response of government or local authorities to the necessity of preserving cultural heritage. We will then demonstrate the permanent expansion of this national heritage and the consequent necessity of allocating an ever larger amount of subsidies to such upkeep. Because the labour costs of the conservation of historic buildings are expanding in a structural sense, we will conclude that four avenues (which are not mutually exclusive) should be explored in order to deal with this increase: increased subsidies, which inevitably imply greater bureaucratic intervention and additional rules and regulations; appeals for sponsorship; merchandising (in other words making certain sites “productive” so that they generate revenue); delisting (introducing the possibility of partially offsetting the increase in new listings by striking certain buildings or sites from the list of protected historic monuments).
2. The Economic Characteristics of French Historic Monuments; Can Historic Monuments Be Considered as Public Goods?

(1) As goods, historic monuments may be publicly or privately owned but in both cases they constitute a legacy to be passed on to future generations.

(2) The external effects of these goods may be public, in the form of national pride, prestige and the preservation for future generations of part of the nation's artistic heritage; or the effects may be private, in the form of an accumulation of human capital and tourism (Mossetto, 1992).

(3) Consumption of publicly-owned goods is a priori identical for all consumers provided the monuments represent joint, non-rival goods (Greffé, 1990). Consumption of privately-owned goods can be divided into two categories, private consumption and externalities.

(4) The value of the goods comprises three facets (Leniaud, 1992):
- the market value. Listing a building as a historic monument affects the market value considerably. The value of a work of art like a painting diminishes when it is listed since listing means that the work cannot be exported from France and hence its value on the art market drops. However, listing buildings as historic monuments does not have the same effect and can be likened to bestowing on it a mark of architectural quality (which determines the market value of the goods) and opens up the possibility of relatively large tax incentives;
- the scientific value (as the object of study); a property with zero market value (except the land's value) can have very great scientific value (such as a country church);
- the communication value (the social significance of heritage, its aesthetical and commercial value; Michaud, 1989). What Greffé (1990) calls the accommodation value (the possibility of property rental) can be included in the communication value.

(5) These goods also have an option value, defined by what the non-user is prepared to pay to preserve the possibility of future utilisation.

(6) "Free rider" behaviour can be explained by the collectively-owned nature of certain goods as described above.

(7) The marginal cost of restoration increases very little with the number of consumers except when congestion becomes a problem (as for example at the Pompidou Centre which was initially designed for 5,000 visitors per day but which is visited by 25,000 daily or the Château de Versailles which was visited by 4.1 million visitors in 1991–92).

As a consequence of all these characteristics, restoration costs may be either partially or totally covered by the State even when the goods are privately owned. Funding generally takes the form of subsidies for upkeep and restoration.