The economic value of Heritage

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Summary

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Heritage is considered now as an important lever for economic development. It is considered as an instrument for satisfying the demand for leisure activities, the opportunity for some deprived areas to create new jobs, a source of new references for economic innovations, a way of positively enforcing the identity of the local authorities. As soon as 1993, the European white paper on Growth, Competitiveness and Employment quoted all these aspects, and many subsequent reports form the European Union have underlined theses positive contributions of heritage.

But for a long time, economic knowledge has neglected the concept of Heritage and its economic consequences. Moreover, economists have always quoted the cultural activities as a prototype of the non-economic commodity : it was non-reproducible and non-substitutable. Culture was out of the economic field and this could be considered as an advantage. This approach wrong since we shall more often find out situations where the destruction of the heritage will be considered as optimal than situations where the conservation of Heritage will be considered as an optimal solution. We must therefore integrate such economic activities as Heritage protection within the economic debate. This introduction has to be prudent as we will try to show later on, but it has to be implemented if we really want to see in heritage a new lever for the economic and social development.

Heritage, an economic resource

In its traditional approach, heritage is considered as a non - reproducible good, and a good that will be destroyed if some preventing measures are not set up. In that prospect, we are in a rent economy animated with rent seeking behaviours. The owners of the heritage resources, public or private, benefit from some rents paid by the visitors but this income appears as the consequence of a monopoly power and not as the counterpart of a productive service : we are in a rent seeking economy which is not organised to create new services and new productive income.

This approach has to be changed. Heritage can be considered as a stock of assets which may generate new types of services for the residents of its local territory as for people from outside. If the owners are able to identify these services and to implement them, we enter in the space of reproducible resources, added values and new employment. Heritage is no more a non reproducible asset but a basis of reproducible services. Heritage economy is no more a rent economy but a productive economy. In this new view the major problems to solve will be the ones of identifying, assessing, producing and delivering these new services. But the economics of heritage may conflict with some other social aspects, and we shall see that there is an opposition between an “economic rationality” and a “cultural rationality”.

Heritage, leisure and tourism

Heritage, leisure and tourism can be include among the most spectacular growth phenomena of the latter part of the twentieth century. Considering leisure and tourism, what had been the normal components of life style for a privileged few became the common expectation of a much larger number of people. A more precise trend should be stresses, as Urry did (1990): more and more people go away from home to look at environments with interest and curiosity; they gaze at what they encounter and they seek to distinguish themselves from the mere or previous tourists they saw or they were. The demand for new experiences, feelings, sites, is therefore increasing: “Leisure time provides the general context, activities outside the home identify the relevant behaviour, and tourism locates the most specific and clear blocks of unable time” (Herbert, p.7).

These new trends have relevant consequences for managing heritage resources:

- as heritage becomes more an more closely related to tourism, the diversity of the heritage assets has increased : for many tourists, heritage means not only buildings or cultural traditions but artefacts, landscapes, usual old objects, and so on;
- as heritage becomes more an more closely related to tourism, some contradictory aspects will appear : from one side, important financial resources may appear; from the other side, the risks in pollution and degradation will be increased ;
- as heritage becomes more an more closely related to tourism, the heritage owners may consider that they have to deal with their heritage assets mainly in terms of tourists tourists, and even more of international ones: this may be misleading since the residents are demanding for heritage services too, and they are able to support an important activity.

To go further into this economic knowledge of Heritage, four questions should be successively addressed:

- What are the bases of the economic value of Heritage, i.e. what are the reasons for individual and social demand for Heritage?
- What are the economic limits of Heritage, in terms of content and assessment?
- What are the optimal investments in heritage conservation?
- How can the positive expected effects of heritage be materialised?

1 - Heritage, a lever for economic and social development

1.1 - The use values of Heritage

Heritage is a source of economic activity since it creates some utilities, direct or indirect, individual or collective. Let us start with the individual use values. We can here identify:

- artistic and aesthetic values: these values are related to the feelings and knowledge Heritage creates and the discovery of the artistic characteristics and progressions. These values and the corresponding services are more and more linked with the explosion of cultural tourism, which is empirically tested. But they may be related to local demands from residents, and this type of users must never be forgotten. Too often today, Heritage is organised in order to satisfy international cultural tourism, without considering that the most relevant and permanent demand may come from local residents;

- educational values: Heritage may participate to the education and training of young and older people; let us remember that the first museums were created in order to educate the future artists, and today these museums are still often periodically closed in order to organise an adequate answer to this demand for educational services. But this role of Heritage is not depending on the museums alone; many monuments, collections, industrial heritage and so on create the same kind of values;

A point has to be stressed here: this use-value of heritage can be considered as an informal one, and more and more people consider that we should think in terms of informal understanding more than in terms of formal education (Light, 1997). The differences still do exist:
- there is no compulsion on the visitor to learn or even try to learn during the visit,
- learning which is therefore entirely voluntary, will depend on the motives of the visitor,
- the teacher is replaced by various forms of interpretative media.

But we may remember that heritage as very frequently been conserved and managed in order to diffuse learning; moreover, the progression of the multimedia has allowed to deliver new tools and products which increase the quantity and quality of this potential learning through heritage. Heritage is a good illustration of what is now recognized as “edutainment”.

- information, archive and research services: many companies and enterprises find in the heritage assets new hints and references for the creation of new products and services; the development of the industrial Heritage has been stimulated by this kind of input;

- housing and real estate services: with the conservation of Heritage, we may satisfy many demands from households, companies and local authorities.

1.2 - Heritage as a source of skills and competencies

There is another use value of heritage, even if this use value is indirect or deferred through time. It has always been considered that the works for conservation of Heritage have created a lot of economic values, and some people have stressed that some of these works have had a tremendous impact on the economy, for example the buildings of the cathedrals in the medieval time. But we should like to stress a specific positive effect, the one which deals with the creation of new skills and competencies.

Let us take the example of the workshop - school from Spain (escuelas taller). When a decision is taken in order to rehabilitate or conserve a public monument, an historical site or even a garden, the promoters organise a school which will exist only until the completion of the public works. Some people, usually young and non-qualified, are recruited as both employees and students. They will benefit during this contract from practical and theoretical training, and they are expected at the end of this contract to make other economic sectors and activities benefit from the skills and competencies they have developed and integrated. This "workshop-school" system may therefore satisfy three objectives: the rehabilitation of new Heritage, the reproduction and dissemination of traditional skill and competencies, an increase of the quality of future works in other sectors of the economy (mainly in the fields of housing and urban development).

This effect should be highlighted, and it is very relevant when considering the assessment of cultural employment. When we assess the number of cultural jobs, we very often consider as “cultural” the jobs which depend on cultural companies, forgetting all the “cultural” jobs inside the non - cultural companies. For a long time, this way of doing was accepted since it was considered that these “cultural jobs” inside the non-cultural companies were marginal. But this is not true any more. Nowadays, we see more and more cultural jobs in all the sectors of the economy since there is an increasing demand for these skills.

1.3 - Heritage as a source of social value

Heritage creates not only individual values but collective or social values.

Heritage disseminates through the society some common values and references for building and managing social links. This effect may depend on the use of the heritage sites but it may depend only on the very existence of these sites.

Heritage activities may be used as a factor of integration. In the European countries, many experiences have tried to realise a better social integration of the young people by making them discover their own heritage, through the production of audio-visual products or the discovery of past know-how. This discovery of their own Heritage was very important since they were very often used to look for some references in another societies, considering therefore their own society as an external and disqualified milieu and environment.

Finally, Heritage can confer a positive label to its own territory. A lot of development experiences in very deprived cities has shown that these cities have almost always incorporated to their own redevelopment strategies a cultural component : the rehabilitation of an old historical city-centre, the creation of a museum, the revival of cultural craftsmanship, and so on. Overtime the message was more or less the same: this cultural revival was a way to give more value to the environment: the cultural revival shows that it is possible to recreate in an environment where creation had already been organised.

1.4 - The indirect values of Heritage

It is generally recognised that Heritage creates powerful indirect benefits, mainly when it is considered from the viewpoint of cultural tourism. Two main channels will explain these kinds of benefits:

- the income distributed to the cultural workers will benefit many other activities, thus founding an expenditure multiplier process,
- the tourists will spend their own resources not only for direct cultural consumption but for housing, food, other leisure activities, souvenirs, etc., which induce another expenditure multiplier process.

Very often these indirect benefits are overestimated, and some of the multipliers used are huge in comparison of more traditional ones. This is related to the fact that the effects of leakage are then neglected: one thing is to recognise an expenditure and income potential, another thing is to consider that the benefits of such expenditures would be local: many of these expenditures can benefit other territories, which considerably reduce their local impact. An important conclusion therefore appears: in order to make Heritage a lever for development, it is not only necessary to attract tourists and expenditures flows but to make them spend on local products.

1.5 - Heritage and urban planning

The concept of Heritage conservation is now an accepted part of urban planning in both developed and developing countries. Many factors explain this widespread interest in the past and ways in which it is viewed, used and changed. This current concern with conservation:

- may be linked with the post modern reaction in architecture and planning “to

bland post-war modernism” (Larkham, p. 91). This post-war modernism has eroded the unique attributes of places through the imposition of uniform building types and house styles, and the systematic use of materials which were alien to the locale;
- has to be more positively linked with the demand for an environment which consolidates the identity of the territory;
- is tied to the social will to make the city more attractive in terms of leisure, market opportunities, consumption;
- is linked to the will to generate new jobs in relationship to cultural tourism;
- is tied to the will to maintain traditional skills that were developed through a specific building system and to make these skills available for the community even if this is not for listed buildings.

But one thing is to recognise the interest of heritage conservation for urban planning, another thing is to implement it. This implementation should not be too difficult for some prestigious monuments, collections or crafts. The real problem will deal with the choice of the heritage assets which have to be conserved, and consequently those who may be destroyed. According to the countries, this system of classification will change: in some countries the system will be very formalised, mainly in relationship with the fiscal benefits dependent on these classifications. In other countries, the classification system will be more pragmatic, and the courts will have to permanently define and adapt the criteria. But whatever the system, the underlying economic conflicts will always be intense since the listing creates strong antagonist interests.

Some compromises are therefore looked for, such as the facadism in the urban central areas. It means developing a wholly new structure to modern design and standards behind the retained front wall of an older building, and it is therefore argued that the visual impact of the townscape is minimised by the preservation of the existing facade. But many critics can be addressed to facadism:
- it has little regard for the historic totality of the building, leading to the loss of important interior features;

- it has little regard for the townscape, and this can lead to the loss of the townscape grain via plot amalgamation: “indeed, it makes a complete nonsense of the concept of conservation. It is ridiculous to have a street made up of historic front walls” (Larkham, p. 109).

To raise the question of heritage and urban planning is therefore difficult and many conflicts, errors, stopgaps and palliatives will animate this field. But this concentration of problems could be reduced if we success to manage both in the same time heritage planning and urban planning. If heritage is considered inside a comprehensive urban planning approach and if this last one is irrigated with a thinking about heritage, the conflicts will be reduced if not vanished.

2 - The economic limits of Heritage

In order to assess the economic consequences of Heritage activities, two questions should be addressed :
- what are the limits of the heritage activities ?
- which methods can we use in order to specify the size of these effects ?

2.1 - The definition of cultural Heritage: the need for an heritage convention

In a sense, everything that already exists may be considered as an heritage, and we feel that such a definition would be a wrong starting point. But this is not the only difficulty to deal with: the content of what is recognised as cultural heritage may change from one period of time to others, some monuments entering the field of Heritage when other sites, monuments or activities will be forgotten. Therefore it is necessary to clarify the criteria for defining a set of cultural activities at a given period of time. We shall then propose three criteria that can be jointly or separately used.

- The communication criterion: an object, a monument, a craft become a cultural heritage since they have a strong meaning for the territory or the society. Its very existence is a media to disseminate some common references or to learn a common history, which explains its relativity too.

- The scientific criterion: an object, a monument, a craft become a cultural heritage since their scientific or artistic value is highly recognised, and their destruction would be considered as a loss from these points of view. This means too that an Heritage which has not a very important communication content can be maintained since its scientific or artistic value is highly appreciated.

- The economic criterion: an object, a monument, a craft become a cultural heritage since it would be too expensive to "have it reconstituted" if it disappeared. This very high economic value is therefore estimated in reference to the cost of having this heritage again and we can even say that this cost would be infinite. Therefore the heritage would be this economic good which has an infinite cost of production. There again, we see that this criterion can be used even if the two previous criteria were not satisfied.

2.2 - The assessment of cultural heritage: the need for specific methods

This problem is a cornerstone for the economics of Heritage: How to aggregate such elements as aesthetic values, indirect effect in terms of expenditures and jobs, housing values and so on? Usually, the economists will give some monetary values to these effects, even if they consider that the monetary logic should not prevail through the heritage social choices.

The assessment of use values

Normally, the prices to pay for the entrance of the Heritage sites and activities should be considered as a relevant approximation of the economic value of the heritage. This is not entirely right since this price is one part of the utility created by such a consumption, the difference being the consumer surplus. Therefore, the challenge is not only to know what the users will actually pay (which is an elasticity problem) but to identify the maximum amount they would agree to pay. If we try to define the optimal amount of investment in terms of heritage we must consider the total amount of utility which will appear in this field ant the total amount of the utility loss which would appear in another field of activities, due to the specific use of monetary resources.

Three methods can be used here.

- <u>The transportation cost</u>: the underlying idea is that the transportation cost that people are ready to support is sensitive to the amount of utility they will benefit from these trips and visits. The higher the expected utility of heritage activities, the higher the transportation cost they will agree to support. Actually, this method is complex and its underlying hypotheses very arguable.

To implement this method, initially defined by Clawson and Knetsch, some information must be collected:

- the relationships between the visits and the cost of trips, according to different areas and to the population density of these areas: we may have therefore the transportation cost functions;
- the demand function, through the aggregation of these different transportation cost functions: for a given price (in fact a given cost of transportation), the expected amount of visitors and the corresponding maximum surplus value can be defined.

But the hypotheses are quite restrictive:

- the trip must systematically and exclusively linked to an heritage activity,
- the intrinsic value of the trip is waived,

- if this trip is explained by heritage activities, we consider only but one main heritage activity,
- the effects of the transportation cost on the income are neglected, which mean that we consider only but the price-effects,
- the consequences of the territorial distribution of cultural capital are ignored, which allows to consider only the effects of transportation costs for explaining the number and intensity of the heritage visits.

- The contingent value: some economists propose to ask directly the users what is the maximum utility the visit of an heritage site would create for them. This method is much easier to implement than the previous one. But it is highly dangerous since the answers may be systematically biased: some potential visitors will overestimate the value they attribute to the heritage activities since they want to confer a positive image of themselves; other visitors will underestimate the value they attribute to the heritage activities in order to drive the user price downwards (this may be considered as a quasi - free rider behaviour). Unhappily, it is impossible to state that the overestimation will be offset by the underestimation and reciprocally. This is why this method may be misleading.

- The hedonistic value: in order to assess the value of an Heritage investment, we shall draw a comparison of the different values that exist between two different sites : one with already heritage investment, another one which does not benefit from this kind of investment. The contemporary differential market values are considered as an indicator of the value of an heritage investment. This method is traditionally used for assessing real estate value, and it seems therefore very relevant to identify the value of heritage investments in relationship with urban planning.

But there again some underlying hypotheses may be argued:
- the contemporary differential market values can be explained by many reasons and it will always be difficult to justify this difference by only one factor;
- this method is quite retrospective and it cannot take into consideration new

expectations and behaviours.

The non-user value

These values are indirectly created by the heritage activities, for people which will therefore not benefit from contemporary heritage activities.

The best example is here given by the option value: as a citizen, I am disposed to spend some resources to make the heritage available for future uses even if I do not intend to use it myself now. A quasi option-value is the option-cost: I agree to finance the cost of conservation in order to make the site still available in the future. Another non-user value is the legacy value: I am disposed to spend some money in order that my heirs will benefit in the future of these heritage testimonies.

These non user values are practically very important: donations, subventions, patronage, sponsorships are very frequent and have the most important role in some countries. Usually they are monetary but some of them may be in kind, for example the voluntary labour which is organised through the NPOs of conservation. These inputs have to be precisely taken into account since they demonstrate not only an interest for heritage but a social choice for some specific forms of heritage.

The indirect value

As quoted before a lot of expected benefits are indirect. Since they appear through subsequent rounds “expenditures - incomes - expenditures”, the multiplier is usually used for assessing the global value of this indirect benefit. Three tools are available here:

- the expenditure or income multiplier: it is the most traditional and it produces some very high values. For example for one currency unit spent in the relevant territory, we would have a final amount of expenditures of 3, which means that the value of the multiplier is equal to 3. As quoted before this method is as dangerous as appealing since we frequently underestimate the leakage: for example, if the expenditures were realised on external products and services, the total amount will always be 1, and we would not benefit from any multiplier effect;

- the employment multiplier: it compares the final number of jobs created or sustained on the territory with the initial number of jobs strictly linked to the new heritage activity: in terms of development this method is better since it starts with a more precise focus and screens more precisely the links; usually their value is lower (in average around 1,5);

- the input-output multiplier or the Leontieff multiplier: this method is very likely the best one since it starts with a very detailed description of the productions of the territory, its exports and imports. The leakage is at the heart of the analysis and the result is not only better but more relevant: it shows what kind of policies should be undertaken in order to increase the expected benefits of heritage.

But it has to be recognised that many researches or surveys on the economic effects of heritage activities use the income multiplier, and very frequently by "importing" its values from other examples, which creates strong biases.

3 - The optimal Heritage investment

Once the effects of heritage are identified and assessed, it is possible to define the optimal quantity of investment in heritage. But in fact, we have three different kinds of investment:

- the reuitilisation: private or public, the owner intends to change the use of his heritage,
- the renovation or rehabilitation: private or public, the owner maintain the state of

his heritage without considering the use that can be realised,

- the conservation: private or public, the owner intends not only to maintain his heritage but to create new user and non user values.

These three kinds of investments are defined by convention.

The reutilisation investment

Let Vn the value of the heritage for reutilisation, Cn the cost of reutilisation, Vo the value of the Heritage before the reutilisation and Do the market value of the heritage.

The existing value of heritage before any investment is:

$$Vo + Do$$

The investments will be required so long as:

$$Vn - Cn > Vo + Co,$$

and the optimal investment will be such as:

$$Vn - Cn = Vo + Co,$$

The implementation of this equilibrium is easy as long as we do not consider the specificity of the Heritage.

The renovation investment

Let Vn the value of the heritage for renovation, Cn the cost of renovation, Vo the value of the Heritage. The market value of Heritage has not to be considered here since the ownership of Heritage is not supposed to change.

The existing value of heritage before any investment is therefore:

$$Vo$$

The investment will be required so long as:

$$Vn - Cn > Vo,$$

and the optimal investment will be such as:

$$Vn - Cn = Vo,$$

The conservation investment

Let Vn the value of the heritage after conservation, Cn the cost of conservation, Vo the value of the Heritage before the conservation. Here too, the market value of existing Heritage has not to be considered here since the ownership of Heritage is not supposed to change. But we must consider a new variable An which is the value of the conserved Heritage for other users.

The existing value of heritage before any investment is:

$$Vo$$

The investment will be required so long as:

$$Vn - Cn > Vo$$

and the optimal investment will be such as:

$$Vn - Cn = Vo$$

The implementation of this equilibrium should be easy. But to collect the relevant information could be difficult since the owner may not know well the value of the new heritage for the users. In that sense, we may expect that the owner is unable to forecast the value of this conserved heritage for users and non-users, in direct or indirect terms. This failure may be explained by different reasons:

- the owner does not assess the interest of the new conserved heritage,
- the owner does not benefit from the right indicators on the heritage potential demand,
- the owner is unable to organise the new services that are potentially required by the different consumers, whatever their nature: households, companies, local authorities.

The previous presentation can be slightly changed by defining An as the non expected value of the Heritage or the value which will not be taken into account by the owner.

Therefore the previous equilibrium:

$$Vn - Cn = Vo$$

should be redefined as:

$$Vn - Cn + An = Vo$$

In that new perspective, the conservation investment should be more important than in the previous one. That means that the optimum will be implemented only if the information is improved

This disequilibrium can be described in a chart. Let us consider the chart Nr 1:

- the supply of heritage is given by the function SS’,
- the expected demand of heritage is given by the function DD,
- the total demand for heritage, expected or not, is now given by the function D’D’.

If the non-expected demand is not taken into consideration, the equilibrium will be in 1 and the surplus will be 145. But if this unexpected demand is correctly taken into consideration, the equilibrium will now be in 2 and the surplus would be 246: the heritage services will be increased, and the total surplus will be clearly larger.

This increase in consumption may induce some additional costs of operation and maintenance, which means that the supply function will not be anymore SS’ but SS’’. The equilibrium will therefore be in 3 and the total surplus would be 346. The challenge is therefore to know if this new final equilibrium is really the best: for some conditions, this new total surplus will be lower than the first one (145), which means therefore that the development of the heritage activities may not be profitable for the community. One extreme situation may even appear: the number of visitors is so high that the subsequent costs of operation and maintenance for a given quality of the service becomes infinite. The use of the heritage has to be strictly limited or even prohibited, and this is the situation of conflict between heritage and economy.

4 - The conflict “ Heritage Vs Economy ”

The optimal market quantities may therefore not be sustainable. Some overutilisation of heritage may create situations where the fundamental resources will be destroyed or the cost of rehabilitation and conservation would become infinite. Two main factors can generate such results:

- the tightness of the carrying capacity,
- the importance of the demand for degradation.

<u>The carrying capacity challenge</u>

For a long time, this concept of carrying capacity has been used in the economic analysis of tourism. It clearly showed that an excessive number of tourist will reduce the quality of a site or its very existence. For example the increasing number of visits of the archaeological caves has created such sources of pollution that the amount and time of visits are more and more regulated. The extreme solution has been the one of Lascaux where a complete artificial cave has been created beside the natural one in order to satisfy the demand for archaeological paintings and drawings. The problem can be formulated in another way : in order to make the heritage activities sustainable, a strict regulation of the number of visits is required but the only way to make this “ physical argument ” enter and counterbalance the economic reasoning is to consider that the cost of maintenance becomes higher and higher and may even be infinite when a certain amount of visits is reach.

In order to prevent these non reversibles issues, some solutions have been offered :

- to regulate the number of visitors, which means rapidly to increase the waiting list and make the visitors support an additional cost ;
- to create artefacts and artificial sites, as previously indicated ;
- to divert the non cultural demand of cultural products and activities. This last point has to be stressed : in the recent times, some economists have shown that

there exists not only a cultural demand for cultural goods but a non-cultural demand for such cultural goods, sites or services. This problem is identified as the Venice Dilemma (Mossatto), and it stressed the rising demand of prestigious locations or sites used as an image, even if there is not an underlying cultural motivation. The first solution is therefore to decrease this artificial demand and to concentrate the carrying capacity only for the real cultural demand.

Let us consider the Chart Nr 2. The cultural demand of cultural services is given by DD' and the global demand including cultural and non cultural motivations is given by DD''. The supply function is given by SS': before a certain amount of visits which corresponds to the carrying capacity, the supply function has a normal profile; when the number of visits overpasses the carrying capacity, the slope of the supply function becomes vertical, which means that the supply cost is infinite. It is easy to see that in the first equilibrium (1), the surplus is much higher than in the second equilibrium (2). In order to optimise the solution, it is required to be in 3, which means, if we start from 1, a small additional number of visits may and should be attracted ; and if we start from 3, that a substantial amount of demand has to be diverted, starting with the non cultural demand.

<u>The demand for degradation</u>

We have always been considering a positive demand for Heritage. But there is a negative demand, which is a demand of destruction in order to satisfy alternative needs such as housing, public works, agricultural investments and so on.

Normally the economic knowledge deals with this kind of contradictory demands, the principle being to compare the alternative surplus and to choose the situation which will maximise the aggregate social surplus. But Heritage does not fit with this kind of situation since some surplus are reversible and other surplus are irreversible. Moreover, the demand for degradation is not a constant: it is related to the state of society, its preference for heritage conservation, the availability of the resources for conservation, etc. We may then consider that the higher the quality of heritage, the lower the demand for degradation, and conversely.

Two limits of the economic analysis appear here:

- the substitutability between reproducible and non reproducible resources;
- the interdependence between the state of society and the value of the demands.

What kind of economic analysis ?

These remarks show the difficulty of using economic analysis for Heritage. Traditionally, three methods have been used for determining optimal investments in heritage: impact analysis, cost-utility analysis and cost benefit analysis.

- The impact analysis - the main illustration of which is the determination and use of the multipliers - does not deliver a clear view of the problem and creates a systematic bias:

- it is partial since it does not take into account the costs,
- it increases systematically the benefits without considering if the links of causality are well validated.

- The cost-benefit analysis establishes a systematic ranking of the projects. But by merging all the effects in the same scale of market values, it neglects such fundamental oppositions such as reversibility and irreversibility; reproducible and non-reproducible; substitutability and non - substitutability.

- The cost - efficiency or cost - utility analysis is therefore the most preferred type of analysis, whatever its specific content: the one which deals only with the physical information (cost - efficiency); and the one which deals with indicators of utility (cost-utility). These two variants take into account the specificity of Heritage, but they have to solve a fundamental problem: soon or late, they will have to establish links between different kinds of benefits and utilities, and to use the same system of assessment (same origin, same unit), but in order to take into account the specificity of Heritage they could give a very high weight to the integrity of heritage relatively to other effects. This means that these results will be very sensitive to the choices of the assessors. But this means too that the assessors will not be required to convert the effects in monetary values, which open more opportunities.

This debate stresses the fact that the aim of the economic assessment is to clarify the elements and information for a social choice and not to substitute the view of the economist to these social choices.

5 - Property rights, Public Policies and economic valorisation of heritage

The realisation of highly potential surplus is not certified by a decentralised resource allocation. Everything will depend on the transformation of an asset of heritage resources in a set of heritage services, since at the beginning:

- the owners hold only an asset,
- and the users demand only services.

In many economic sectors this transformation of assets in services is mechanic. In the domain of Heritage it is not that simple for many reasons: lack of marketing analysis, lack of specific funding, lack of entrepreneurial ability, etc.

The main challenge is therefore to convert these property rights in development rights, and some relevant recommendations can be formulated:

- to reduce the production cost of these heritage services, mainly by developing the adequate resources,
- to develop a marketing ability,
- to mix the private property rights with some public funding and commitment,
- to develop the role of non-profit organisations specialised in developing the heritage services.

These proposals show that the traditional public policies for Heritage have to be modified:

- the public policy founded on the image of the public collective good, since many heritage are and will stay private,
- the public policy founded on the image of the free competition since it ignores

the very nature of this Heritage dilemma.

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