

---

# Session 1: Towards a comprehensive theory

## *An Introduction*

Washington, May 2<sup>nd</sup> 2011

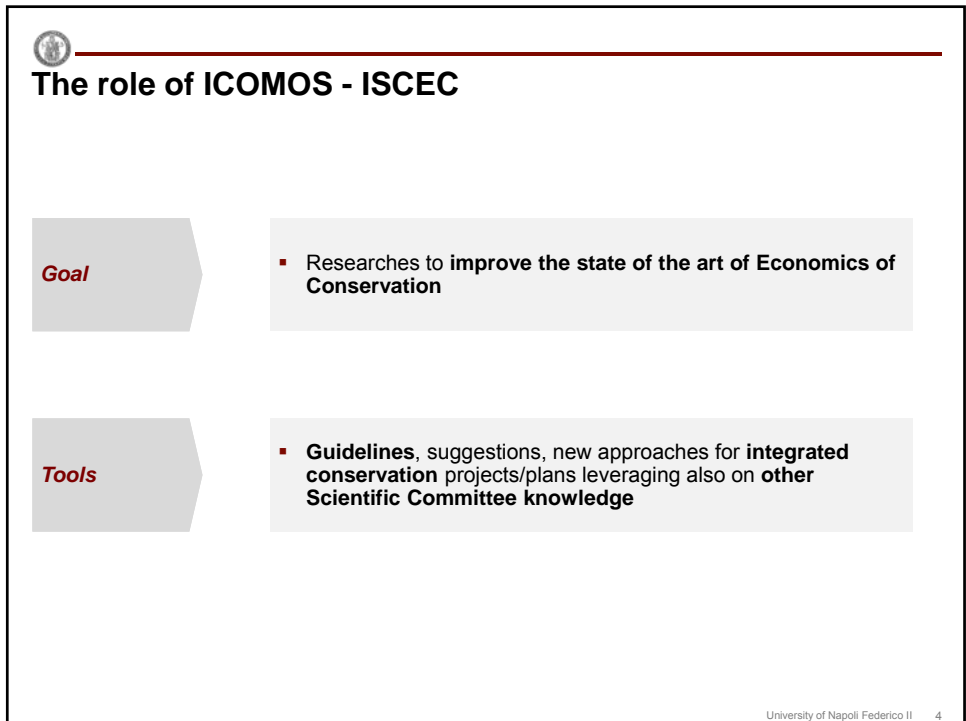
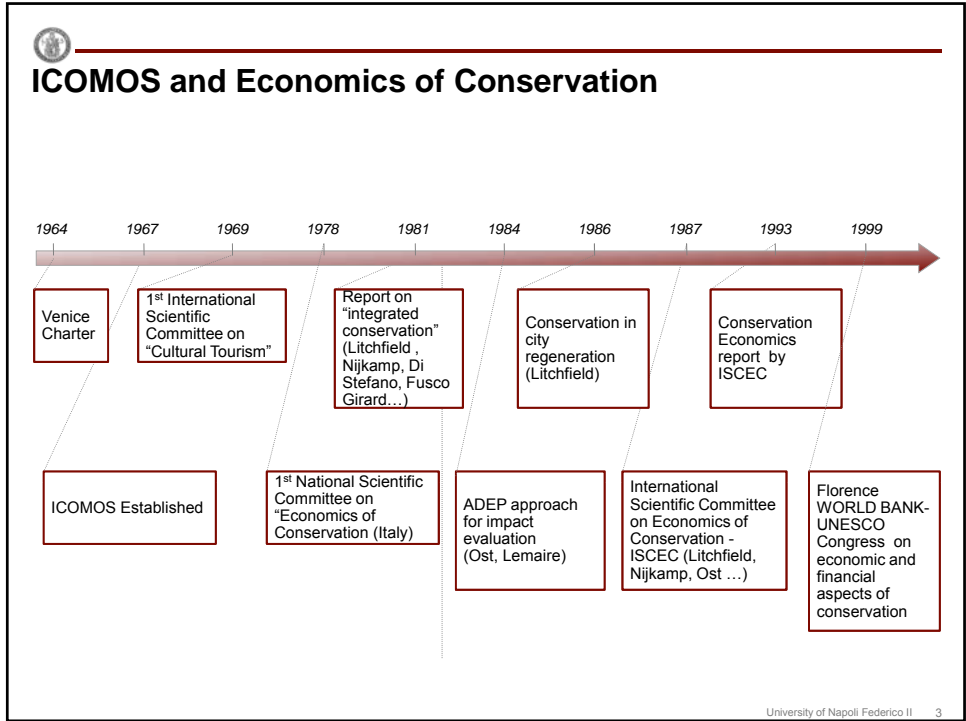
*Luigi Fusco Girard*



---

## Agenda

- A brief History of EoC
- What is Economics of Conservation of Cultural Heritage(EoC)
- Economics of Conservation main current issues
- Main research perspectives





## Agenda

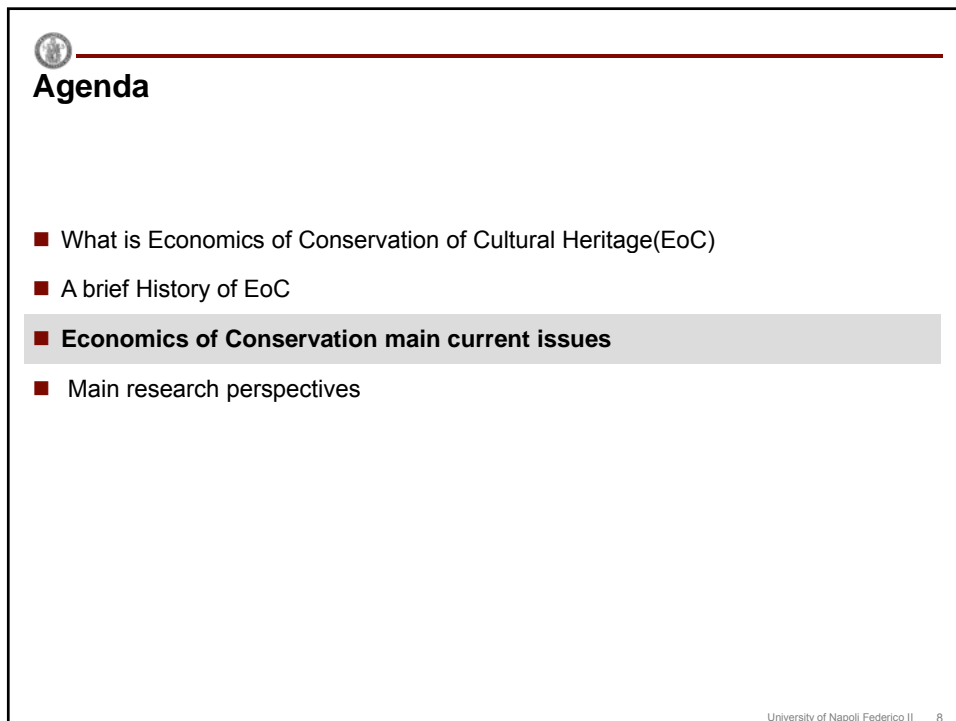
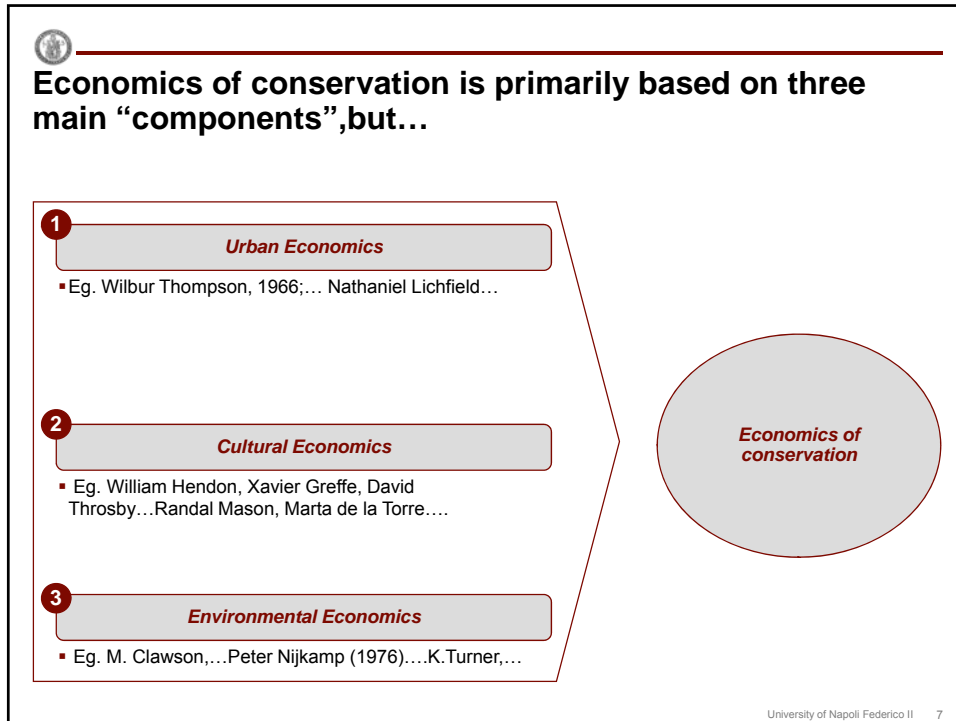
- A brief History of EoC
- What is Economics of Conservation of Cultural Heritage(EoC)
- Economics of Conservation main current issues
- Main research perspectives




## Some characteristics of Economics of Conservation


- EoC is the bridge between heritage conservation and economic development, that tries to identify satisfying solutions in conservation plans/projects...It is a trans-disciplinary field
- EoC is the «economics of differences» between areas; of rare , exceptional or unique components, that are the permanence in the urban/territorial dynamic, because of their *independent –of- use(existence) value* (:the economics of existence values)....
- EoC is the economics of «places», that shape the city image (its soul/spirit) and become relevant geographical factors for local development , that create specific relationships in the «field of forces» in which they are localized;
- EoC is the “economics of interdependences/relationships” ,that follows from interpretation of the city as a complex unitary system (a part of which is represented by cultural heritage) ....
- EoC assumes a long-term perspective in considering multiple impacts
- It is interested in efficiency and also in social fairness( distributive aspects)
- EoC is attentive to social/civil economy(third sector economy...)
- EoC is interested in urban regeneration through integrated conservation of heritage
- EoC opposes globalized economy, that moves toward homogenization, standardization, anonymity...

**EoC recognizes the role of intangibles as the attractive strength of a place: as key elements to improve the productivity of economic and social processes, to determine the quality of spaces**



 **How to manage conflicting relationship affecting economy and cultural heritage ....**

- **Hard-economic** values
- **Private** interests



- **Soft-historical** cultural – landscape values
- **Common** Interests

University of Napoli Federico II 9

 **... while economic values are often the winners ...**



- Due to its **central localization**, cultural heritage is under the **pressure of speculative interests**(real estate, rent etc) that in most of cases are the winners

*How can we compare economic benefits with forgone historic landscape? Which evaluation tools?*

Art Nouveau town of Kecskemet, Hungary

University of Napoli Federico II 10



### Every conservation constrain implies private and public opportunity cost ...



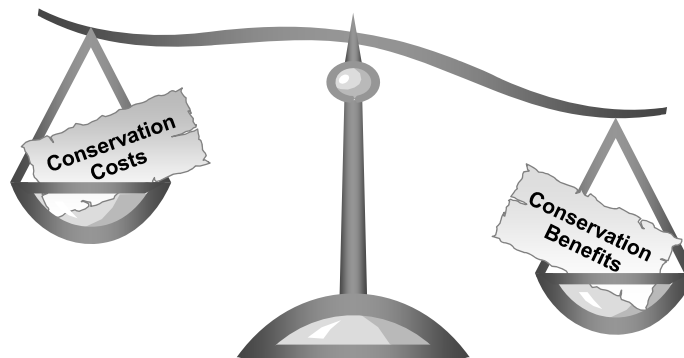
Opportunity Cost

- Public opportunity cost due to renunciation to additional fiscal income
- Private opportunity due to real estate business renunciation

New York,



### How can we balance achieved benefists and foregone conservation benefits?



Economics of Conservation main focus is investigation of condition for profitable investments in conserving heritage

**Economics of conservation aims to match different stakeholders interests ,private and public needs....**

- Local inhabitants**  
 interests and needs  
 (low-cost residential services, other services access ...)  
 (Associated with the top puzzle piece)
- Building entrepreneurs**  
 interests and needs  
 (profitability, market values, costs...)  
 (Associated with the bottom-left puzzle piece)
- General interests -**  
 needs of all city inhabitants (strategic positioning in relation to other cities, city image ...)  
 (Associated with the bottom-right puzzle piece)

University of Napoli Federico II 13

**Paradoxically, the economic values can be also the main leverage in defending heritage, when soft values are converted into monetary values**

**Meta-economic values**


- Independent of use values
- Existence values
- Intrinsic* values

**Economic values**


- Instrumental values
- Use values,
- Market values

**Real estate investments can produce environmental and landscape damages, but also an economic-monetary damage**

University of Napoli Federico II 14

 ... mainly leveraging on **CREATIVITY**- as some best practices demonstrate

**Example: Santiago de Conpostela (Spain)**




Guidelines for improving the city  
(Example)

- 1 *Good Prospects*
- 2 *The People's City*
- 3 *Cultural Capital*
- 4 *Equality*
- 5 *Green and inhabitable*
- 6 *Safe*

**Creativity as engine for local development**

University of Napoli Federico II 15

 **Agenda**

- What is Economics of Conservation of Cultural Heritage(EoC)
- A brief History of EoC
- Economics of Conservation main current issues
- **Main research perspectives**

University of Napoli Federico II 16

**At least 6 main research fields in economics of conservation**

1	<b>Creativity in conservation</b>	<ul style="list-style-type: none"> <li>• Creativity as main leverage for sustainable integrated conservation: new architecture with old architecture...</li> </ul>
2	<b>Cultural heritage economic evaluation</b>	<ul style="list-style-type: none"> <li>• Improving approaches and tools for cultural heritage economic evaluation, using all value signals...</li> </ul>
3	<b>Integrated conservation Project / plan and economic evaluation</b>	<ul style="list-style-type: none"> <li>• From Integrated conservation project/plan to integrated economic evaluation</li> </ul>
4	<b>Towards integrated evaluations</b>	<ul style="list-style-type: none"> <li>• Integrated economic evaluations into a multidimensional space</li> </ul>
5	<b>Project evaluations Vs management evaluations</b>	<ul style="list-style-type: none"> <li>• The key role of management</li> </ul>
6	<b>Ex ante Vs ex post evaluations</b>	<ul style="list-style-type: none"> <li>• Ex post evaluations to produce a wider empirical evidence</li> </ul>

University of Napoli Federico II 17


**1 Creativity main leverage for sustainable integrated conservation**

```

    graph TD
      CC[City Creativity] --> CR[City Resilience]
      CR --> CS[City Sustainability]
      CS --> CC
    
```

- **Creativity** can be the main leverage for improving **city resilience**, which is one of the main elements for implementing **city sustainability**
- The three elements should become parts of a **virtuous circle**

University of Napoli Federico II 18

 **② Cultural heritage economic evaluation**

Exchange value

+

Consumer rent

+

Independent of use / existence value


---

**Total cultural heritage economic value**

- From Marshall approach to Peirce TEV model, **integrating use values** (Exchange value + Consumer rent...) with a new notion of **value: the independent of use value**, coming from environmental and resource economics, based on WTP.

Which approaches and tools to improve the assessment of the independent of use value of rare and unique resources?

University of Napoli Federico II 19

 **② Which tools of EoC to better identify priorities among different project/plans alternatives ?**

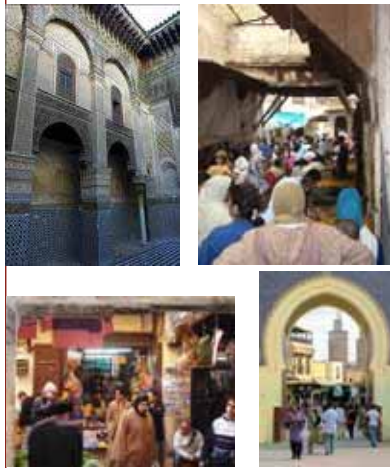
First approaches of CBA proposed by Otto Davis (1960), D. Page (1965), J. Mao (1966), J. Rothenberg (1967)

- Traditional CBA needed to be adapted in urban integrated conservation, as proposed by N. Lichfield through PBS and CIA in order to:
  - Take into consideration **distributive impacts** on different subjects
  - Incorporate **economic, social, environmental** quantitative and qualitative impacts
  - Consider the **variation of welfare perceived** by different groups of subjects, without aggregations of assessments

University of Napoli Federico II 20



### 3 Integrated conservation Project / plan and economic evaluation



Example: Fes medina (Fes, Morocco)

- **Integrated** conservation have to be aimed to **promote local development**, and not only to promote touristic economy, which can produce economic wealth but also **cultural and social poverty** (the loss of identity, glue values ,relational values...)
- **Conservation is for people** and not only for visitors and tourism entrepreneurs
- **Economic benefits** from tourism are **often over-assessed**: net benefits are much lower

University of Napoli Federico II 21



### 4 Towards integrated evaluations



- Very well **located** in the **heart of Rome** ancient center ....
- .... But **how to assess** the Colosseum **comprehensive value**?

- A comprehensive theory is based on a **comprehensive and multidimensional notion of value**, including:
  - economic value
  - image value
  - symbolic value
  - environmental value
  - social value
  - cultural value
  - ecological value
  - spiritual value
  - intrinsic value

University of Napoli Federico II 22



## 5 Conservation project evaluation versus conservation management

- Management is a **key process** to conserve existing values and to produce **new** not already **given** values : it is a re-creation process of tangible and intangible values
- Management process **stimulates**, through learning and interpretation by people, **metabolization of values...**
- ... **avoiding** that conserved cultural heritage can **remain only as vestiges of an ancient past**, unable to transmit meanings and sense that goes beyond aesthetical dimension

- **Good conservation management** allows to :
  - transform **conflicts into synergies**; cultural values into civil values
  - stimulate **circularization processes** between common goods (cultural heritage) and community (relational values, glue values),
  - **promote self-organization/ self-management**



## 6 Ex ante evaluation Vs ex post evaluations

### *The key role of ex- post evaluations....*

- The necessity to produce **wider empirical evidence** about the relationship between cultural heritage conservation and economic local development leads to the acknowledge of **the key role of ex- post evaluation**

### *... for human sustainable development*

- From ex- post evaluations of some selected best practices it is possible to offer a **more rigorous theory of integrated conservation** in the perspective of local **human** sustainable development