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Original article

Is heritage an asset or a liability?

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Abstract

The valorisation of heritage can create new jobs in a society. By using France as an illustration, we shall show the different channels through which such jobs are created. It is therefore important to see how a society defines the conditions of this valorisation and its potential, using an 'heritage ecosystem approach' based on the interdependence between the quality of a monument and the relationship between the providers of heritage-related services and those who desire these services. This approach to the heritage ecosystem defines the conditions necessary for sustaining heritage and deciding whether it is an asset or a liability. The contemporary confidence in cultural tourism is not that evident. It has to be considered and revised in relationship with local conditions. Then it may be shown that Cultural Tourism is not a panacea and that there exists many conditions in order to realize its corresponding expectations.

JEL Classification: Z11; R11; Q3; L82; L31; H41; H23

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Most contemporary societies are very keen on the valorisation of their heritage. In the case of individuals and households, heritage satisfies a variety of needs–artistic, aesthetic, cognitive and even recreation. For owners of public and private monuments, it is a means of mobilising resources necessary for the conservation of monuments. For many private companies, it is a means of earning profits from the spin-offs of tourism or of obtaining know-how and references for innovation [10, 45–50] ([7]: 15–35). For district authorities, it is a means of creating a positive image of the area and improving the living environment. For countries, it is a means of affirming their national identity and promoting solidarity. Heritage thus provides the means of satisfying a wide variety of aspirations. Two major changes in the present social and economic environment have added to this interest–the need to create new jobs and the need to emphasize the originality and quality of products in a globalised environment where things lose their novelty in no time and there is severe pressure due to competition at both the national and international level.

To prove our point, we will first show how the valorisation of heritage can create new jobs in a society by using France as an illustration [1]. We will see how a society defines the conditions of this valorisation and its potential, using an 'heritage ecosystem approach' based on the interdependence between the quality of a monument and the relationship between the providers of heritage-related services and those who desire these services [2]. This approach to the heritage ecosystem defines the conditions necessary for sustaining heritage and deciding whether it is an asset or a liability [3]. Finally, we show that the confidence in cultural tourism has to be considered and revised in relationship with local conditions [4].

1. Heritage as a lever for job creation: the French example [5]

If the number of jobs owing their existence to heritage is properly assessed, it is possible to make people aware of its importance and draw attention to its far-reaching effect on people. Taking France as an example, we will successively study direct, indirect and induced jobs as well as those related to tourism. Direct jobs are performed by persons employed in

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various heritage institutions. Indirect jobs are held by persons in the fields of conservation and restoration of heritage. Induced jobs are performed by persons using heritage as a source, e.g., arts and crafts, cultural industries and even some types of non-cultural activities. Finally, jobs in the tourism sector are created directly by the development of heritage tourism.

Heritage, in this context, refers to all the monuments, museums, art collections, archives and libraries, including various combinations of the above (e.g. protected sectors, historic towns, towns reputed for their monuments and art collections, etc.). As we shall see, this definition can be extended further.

1.1. Direct jobs

There are two methods of determining their number. The first method is to count the number of jobs in heritage-related institutions, both in the public sector (e.g. the Ministry of Culture, monuments managed by the central government (Monum) and local authorities, national museums and museums managed by local bodies, training and conservation institutes) and in the private and joint sectors. We find that there are 28 561 jobs in the public sector and 15 319 in the private sector. In other words, there are 43 801 jobs in monuments and museums and 2736 jobs in archives (national and district-level) and 21 403 jobs in libraries.

The second method is based on job functions that determine the number of jobs according to the number of visitors. Surveys have enabled us to determine that 10 000 visitors create on an average 1.15 jobs–one on a permanent basis and 0.15 on a temporary basis. By applying this function to audiences counted by tourism-related institutions, we reach a figure of 27 054 jobs in just monuments and museums. But the figures arrived at by following the first method appears to be closer to reality (Table 1). [1]

Table 1
Direct jobs

	Monuments & museums	Libraries	Archives	Total
Private jobs	28 561	18 464	2736	49 761
Public	15 319	2939		18 258
Total	43 880	21 402	2736	68 019

1.2. Indirect jobs

Indirect jobs are created by work related to conservation (general maintenance, renovation, etc.) and depend on agencies in charge of managing monuments (enterprises and conservators). The method employed depends on whether these jobs are performed by enterprises or individual conservators. If it is an enterprise, it is relatively simple because only certified enterprises are engaged to do this work. It is thus possible to go through the list of certified enterprises and calculate the number of salaried employees, which is 23 827.

The case of individual conservators is more complicated. There are no conservators working exclusively in this field except for those working in the field of arts who will be considered later. It is advisable to look at their total income and take into account only the portion earned from conservation work in monuments and museums and convert the figure so obtained into full-time jobs. On the basis of a survey conducted by a professional organisation, viz. Confédération de l'artisanat et des petites entreprises du bâtiment (Capeb), we have been able to determine the share of expenses related to renovation and infer by extrapolation the number of jobs created by projects involving the renovation of heritage sites. We found that there are 11 000 jobs related only to the restoration of heritage to which we added another 6600 jobs created upstream in industries producing material to satisfy the demands of renovation projects. The total number of jobs employing conservators for renovation of heritage sites thus comes to 17 600.

It is necessary to add to this figure the number of architects (taken as working full-time) involved in heritage conservation. Here again, we must remember that architects rarely work full-time in the field of heritage conservation (with the exception of Chief Architects of Historical Monuments and some architects belonging to the association of Architectes des bâtiments de France) and follow the same procedure as in the case of conservators. Once again, we had to refer to surveys on how architects use their time and we arrived at the figure of 1287 architects taken as working full-time on heritage conservation out of a total of 31 000 architects.

If we take into account the entire built heritage, we find that enterprises account for 23 827 jobs, conservators for 17 600 jobs and, if we include architects, the total comes to 42 714 jobs (Table 2).

1.3. Jobs created by other activities

These jobs correspond to intermediate consumption or the use of heritage-related goods and services leading to the production of other goods and services. While classifying the difficulties that may arise in this connection, we can identify three sectors: arts and crafts which use and reproduce heritage partially, but on a permanent basis, cultural industries which use heritage for their own activities and other heritage-based industries which develop conservation and archival activities to promote heritage.

As far as arts and crafts are concerned, we have to base ourselves on data provided by the Confédération Française

Table 2
Indirect jobs

Enterprises	23 827
Conservators	1760
Architects	1287
Total	42 714

[1] For detailed calculations see ([6], pp. 12–44).

des Métiers d'Art. In 1999, the Confederation had more than 153 500 members. This figure is undoubtedly excessive because the professions listed under certain heads such as perfumes and cosmetics can hardly be considered as being covered by heritage, unless we systematically club heritage with industries producing luxury goods and products for personal use. So we must apply to professions coming under this category a reduction coefficient, which will bring down their total number and include only professions dependent on the use and consumption of culture. The coefficient of expenditure on culture in French households being 4.15%, we arrive at the figure of 110 328 jobs.

As regards heritage-related jobs in cultural industries, we must keep in mind that these industries use heritage twice: first, as a reference for designing new products and the second time, as a stock of products to be exploited or reexploited. So it is normal to think that a part of the activity of these cultural industries is dependent on the significance of heritage, which provides them with references or products. But determining the extent of this dependence and calculating its value in terms of heritage forces us to define a coefficient clarifying the share of heritage. The "Emploi" (Employment) Survey lists all the jobs coming under the cultural industries (branches 92 and 22). After a double verification, we concluded that the share of heritage-related activities (covered by a direct survey) and after deducting the jobs already accounted for under arts and crafts, we found that the number of jobs in this sector is 13 125.

As for jobs in non-cultural industries, it is even more difficult to make an estimate because economic sectors, other than culture and tourism (the latter will be considered separately), use existing heritage occasionally and often in a manner that is not very obvious. Ceramic manufacturers use heritage-based references, but in such a manner that it is not evident in the products and services they offer. Fashion houses and ready-made garment manufacturers make use of the plastic arts, but not very regularly. According to the "Emploi" survey, the approach is based on the selection of a certain number of productive activities or branches mobilising creative heritage-related inputs [2] and jobs obviously based on heritage (designers, conservators, repairers, etc.). By cross-tabulating we reach a figure of 137 337 jobs taking care not to count jobs that have already been counted, especially the ones performed by artistic crafts in the concerned sectors (12 695) (Table 3).

Table 3
Induced jobs

Arts and crafts	111 354
Cultural industries	13 125
Non-cultural industries	137 377
Total	261 856

1.4. Jobs in the tourism sector

It is now commonplace in cultural circles like tourism to draw attention to the potential of cultural tourism for creating new jobs. Visiting monuments and museums (it is impossible to make a distinction between the two in this case) will create jobs not only on the site itself but also in the surrounding area in hotels, restaurants, transport, shops selling products that are an offshoot of the heritage site, etc. These calculations are motivated: they allow some players to justify government subsidies and others to claim subsidies. The processing of this data may therefore be biased.

There are two stages in the analysis: during the first stage, the number of heritage-related jobs in the tourism sector is highlighted, while in the second stage, the effects of these heritage-related on the environment are analysed. Generally, the link between these jobs and the use of heritage is treated as an employment multiplier.

According to the satellite account the tourism sector, the expenses incurred by tourists on leisure and accommodation amount to about 45 billion Euro and create 800 000 jobs. According to annual surveys conducted by SOFRES, 11% tourists visit monuments, 7% visit museums or exhibitions, 13% visit towns and 3% attend cultural shows. The total comes to 34%. Further, we know that about 20% of these visitors are tourists travelling entirely for cultural reasons while 30% are interested in culture but travel for other reasons [3] and the remaining 50% happen to be there by chance. We may therefore conclude that only the expenditure (and its equivalent in terms of jobs) of the first two categories of tourists is worth taking into account. In this case, we would have to apply to the total amount of expenditure a coefficient of $34 \times 50\% = 17\%$ which means that the number of jobs in the tourism sector directly related to heritage is about 136 000.

To this number of tourism-related jobs, we must add the multiplier effect. While applying the simulation procedure in a study conducted in Paris [4], we used 1.6 as the multiplying factor (every new job in the tourism sector ultimately gives rise to 1.6 jobs in the economy or, in other words, one tourism-related job plus 0.6 job in another sector). But if we look at the national level instead of a particular site or cultural event, we should take as the multiplier base only the expenses incurred by foreign tourists. The problem then is to find out

[2] Productive activities are selected according to their relation to heritage-based activities (17: Weaving and Textile Industries; 20: Woodwork; 26: Glass and Ceramic Industries; 36: Furniture Industry; Coins, Medals, Jewellery and Gold and Silver Work; 73: Research & Development. Jobs based on heritage (F 2142: craftsmen producing artistic goods; 2217: small-scale retailers of luxury goods. F 5516: vendors of luxury goods; F 5517: vendors of photographs; F 3824: salaried architects; F 353: plastic artists; F 4634: salaried technical assistants of graphic artists; F 4635: technical assistants not attached to graphic artists).

[3] They are willing to make a detour or cover an extra distance of 50 km to visit a heritage site or attend a cultural show.

[4] X. Greffe (2002) *Managing Our Cultural Heritage*, New Delhi, Aryan International Books [8].

Table 4
Total number of jobs in the heritage sector

Direct jobs	68 019
Indirect jobs	42 714
Induced jobs	261 856
Jobs in the tourism sector	176 800
Total	549 389

what portion of the 136 000 jobs estimated above can be attributed only to foreign tourists. A specific study revealed that one out of two heritage tourists is a foreigner which gives us a multiplier effect equal to (136 000)/2 × 0.6 = 40 800. The economic benefits of heritage tourism are thus expressed by the compensation in terms of tourism-related jobs in heritage consumption (136 000) plus the multiplier effect (40 800) or 176 800 jobs in all.

As a result, we obtain Table 4 which shows that by adding together the number of direct jobs (43 880), indirect jobs (42 714), induced jobs and jobs in the tourism sector (176 800) we arrive at a total of 525 250 jobs in the heritage sector representing about 2.4% of the active employed population.

2. The economic process of heritage valorisation

If there is a separate heritage sector, its size and its dynamics depend on the system's ability to maintain it. Conservation efforts will ensure that heritage becomes a resource for development while the lack of attention can lead to its marginalisation and the destruction of this resource ([11]: 30–38).

How can this phenomenon be analysed? Let us point out right away that the attention received by the most characteristic types of heritage is in the form of a demand for services. When we think of ancient monuments, objects and written materials, we ask ourselves what services they can render. When we go to a museum to see a collection, it is not just the collection that interests us but also the services that enable us to obtain satisfaction from it ([8]: 12–32), ([2]: 78–9). We may also point out that that when we talk of heritage, we cannot limit ourselves to an analysis of its use value, but we must also take into account its existence value generally taken care of by the local authority under whose jurisdiction the heritage site lies.

In order to define more clearly the issues involved in these mechanisms and account for the changes in quality, let us imagine a situation where we have a heritage site of the type that is changed by the law into a "protected zone" that includes all the buildings in the area and not just a few prestigious structures. [5]

How do conservation and valorisation function? How do they get strengthened or weakened? They are the result of the

[5] M. Hutter, "The Arts as an Exhaustible Resource", International Seminar on the Economics of Culture, University of Ottawa, 1988.

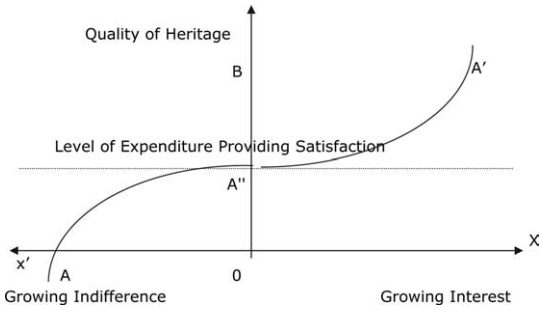

Fig. 1. Dynamics of the heritage ecosystem.

interaction between those who "put an input to good use" and those who "bring it into prominence" with the help of cognitive or economic codes, those who make use of the area created in this manner and even those who are interested in its destruction. The effectiveness of heritage valorisation therefore depends on the ability of this field of forces to produce conditions favourable for its continuation.

The public's interest (or disinterest) in a heritage site depends on its initial state of conservation. If it is in a very bad state, the players involved are likely to neglect it and this can only accelerate its deterioration. Inversely, a heritage site, which is in a good condition, will elicit a positive response and arouse more interest and attention resulting in the increase of resources allocated for its conservation. In Fig. 1, the abscissas measure the attention paid to heritage by the public (positive on the right side of the origin and negative on the left) while the ordinates measure the quality of its condition. The graph AA′ thus represents the attention paid to heritage in relation to its condition. There is a threshold (A″) which determines the reasons for the public's behaviour: below this threshold, the attention paid to heritage is too insignificant to guarantee support from users, but above the threshold, the attention is strong enough to draw more and more attention.

So, at a given point of time, society allocates a certain amount of resources for conservation determined by its expenditure in the public and private sectors. This amount will depend on the efforts undertaken spontaneously by various agencies to renovate and protect the heritage. These efforts are distinct from those made by others towards its deterioration, the latter being persons who would like to use the property for lucrative purposes.

In such a case, it is important to know if the amount of resources (OB) can guarantee the minimum threshold of conservation quality (OA″) which would encourage the public to take interest in its heritage. If it encourages the public to adopt a more positive attitude towards its heritage (OB > OA″), it would valorise the effort made in this direction and tend to raise Ob and improve the quality, thereby drawing greater attention and so on. Inversely, low expenditure (OB < OA″) indicates that the heritage site is in a very bad condition as compared to expectations, which will lead to further deterioration due to lack of attention from the public (Fig. 1).

There are two ways of starting a continuous process of protection:

- the first way is to strengthen public and private mechanisms for expenditure on heritage: for example, by giving tax incentives of the type given in districts in the process of rehabilitation or by making the expenditure more effective: e.g. by developing crafts that are likely to improve the quality of the work being done;
- the second way is to increase interest in heritage, even if the level of protection in the initial stages is insignificant, by launching information campaigns and training programmes, providing free entry to heritage sites on certain days, providing proper signage and displays, etc. Once that happens, the threshold of sustainability of heritage will be located lower or it will be compatible with a less favourable degree of protection.

Heritage development thus goes much beyond the traditional economic framework of the production and consumption of a particular good. The plurality of values and the interdependence of various elements encourage us to spot an ecosystem in the heritage system, that is to say a system likely to generate positive or negative dynamics depending on whether the budget and the behaviour of certain elements are above or below certain thresholds. Also, public and private decisions must concur so that ecosystem dynamics appear positive.

3. Defining a public policy for heritage–increasing the ecosystem's assimilation capacity

3.1. The monument as a project

The monument project is an expression of the desire to go beyond the conditions that have an unfavourable effect on a heritage site and allows its stakeholders to share common references and work in the same direction. Inversely, the absence of a project can increase the sources of lack of understanding and conflict. However, it can become a trap when it refers only to an external factor, e.g., flow of international tourists or when, on the contrary, it becomes hostage to local peculiarities. To avoid these deviations, when setting up a monument project, it is necessary to select from the monument's memory elements that constitute a reference, restore these elements to the social players and identify the opportunities for valorisation. Subsequently, it is necessary to define a level of anticipation that would justify action: if the objective is too distant it may become elusive or too idealistic and if it is too close there is a risk of getting impeded by inextricable constraints, inhibition and inaction. Finally, the project should enable the players to become independent and allow them enough room for action.

Let us now examine the policy adopted by MONUM-CMN. A circular issued in February 1996 stipulated that a cultural project be devised for every monument. The idea was to adopt a "can do" policy likely to please the public, a policy that was not only more than a simple architectural project but also suggestive of it. After this circular, DAPA (Direction de l'Architecture et du Patrimoine insisted that it was necessary to lay stress on the quality of reception given to visitors. In 2001, an orientation note issued by MONUM emphasised the need to define the functionality of the site, reflecting in some measure what was then happening in the world of theatre. It thus seems that a project signifies much more than the willingness to take action in regard to a monument. It is a way of establishing a bond with the area and redefining on this basis the constraints affecting the monument and also removing the tensions that may arise between its existence value and use value.

3.2. Price as a multidimensional variable

Very often the rules recommended for fixing prices are based on technical considerations. What is most frequently practiced is full cost, i.e., fixing the entry price on the basis of the ratio between all the costs incurred and the number of visitors anticipated during a given period. But this gives rise to several problems ([3]: 125–8). Should these costs include conservation costs and thus bypass the issue of current maintenance costs? This extension may have serious repercussions on the price charged and it would be preferable to specify, wherever possible, that conservation costs that guarantee the monument's existence should normally be covered by government subsidies or private donations. But this is essentially a theoretical question. A second important problem is that of price differentiation according to visiting conditions. It is clear that it is advantageous to reduce the price on days when there are very few visitors to encourage more people to visit the monument on these days rather than on days when there is a heavy rush of visitors which diminishes the quality of the visit.

But we know that prices fixed in this manner are likely to clash with the lower purchasing power of some visitors, e.g. art students and teachers, etc and competition from other sectors. The major difficulty is that the losses arising from this policy are not always compensated and in some cases they are not justified as claimed. For example, affluent visitors may flock to a monument to take advantage of the free entry. Similarly, concessions for senior citizens do not make sense when we consider that many of them are quite affluent.

Apart from these considerations of a technical nature, there is another significant strategic consideration: relations based on trust underlying any pricing policy. When a visitor agrees to pay a certain entry fee to gain access to a monument, he is actually entering into a contract with the body managing the monument. On the one hand, he is entitled to a certain number of services and on the other, he has to pay a certain price. He may not necessarily know in advance the quality of services he will get and he exposes himself to opportunistic behaviour on the part of the management, which may fix an excessively high price. The visitor will know this only after his visit which means that a good experience will lead to more visits and enhance the monument's reputation whereas a disappointing experience will

lead to a loss of visitors and reputation. So it is advantageous for the management to maintain the reputation of the monument by fulfilling their implicit contract with the visitor. Any abuse of this asymmetry of information will go against the monument and its management. It is therefore essential that prices should be based on an analysis of the services rendered.

3.3. The marketing approach

A marketing policy is implemented in three stages: identifying users, analysing their decisions and classifying them into homogeneous categories or segments ([8]: 89–90). In the first stage, it is necessary to define the objective of this policy since the term consumer can give rise to several concepts, e.g. clients, key influencers, users and indirect users. The second stage consists of analysing individual decision-making processes. For this, we have to depend on individual variables: the good's ability to satisfy an individual's requirements or the "functional dimension", the good's consumption cost for an individual or the "economic dimension" and the effects that the consumption of a good can have on an individual's reputation or the "psychological and social dimension" (which is generally positive in the case of monuments). Faced with these numerous variables, it is necessary to identify the processes leading to the individual's decision. There are three types of processes: the cognitive process, the subordinate process where the individual's decision is based on imitation or recommendation and the affective process where the individual bases his decision on feelings and emotions likely to be aroused by a cultural consumption. By crossing these variables and processes we can obtain a number of different cases. It is necessary to classify these consumers into relatively homogeneous categories to select a suitable informational base and specific pricing policies. The segment is identified as a subset of users that can be described and will respond to marketing pressure [13]. [6]

Apart from these technical difficulties, a marketing policy can also present certain risks. There is the risk of analysing the value of a monument according to the consumers' willingness to pay, which is dangerous in the cultural field where payment is only one element among many in the decision to consume. Further, the marketing approach chooses to valorise one monument and not another according to its ability to find a market quickly, thus increasing or even giving rise to a fashion trend among a set of people who may not have the necessary information. [7] A good example is the development of cultural tourism: tour-operators give preference to a particular destination not always because it is more interesting or culturally rich, but because it is in vogue for reasons as varied as the publication of an article, a political event, etc.

3.4. Controlling the non-cultural demand for heritage

An equally important issue is the non-cultural demand for heritage. Businesses not related to heritage, e.g. transport companies, hotels, fast-food outlets, etc., can insist on the development of heritage sites as they hope to benefit by the fallout for promoting their own activities ([7]: 45–8). Though these services are not consumed directly, their consumption benefits others. The entire cultural tourism sector is based on this principle. [8]

But these businesses may not necessarily be able to bear the required investments and costs after a partially artificial increase in the number of visitors. They will merely act as stakeholders or pressure groups. As taxpayers they will insist that the government take the necessary steps to satisfy the real or supposed need for heritage. Local and national political leaders have a tendency to pander to such demands even if they have to recover a part of the sanctioned amount through taxes. In some cases these businesses make their demands to private owners of cultural goods even if they have to enter into a partnership with them by offering them a package of services. But what is most common is the organisation of pressure groups to lobby in government circles and there are two reasons for this. Since they consider themselves as taxpayers, these businesses believe that they have already paid for these services. [9] Further, some members of the group may behave like hitchhikers: they are not particularly inclined to avoid the issue of their contribution, but they hope that others will do so and agree to pay. This over-consumption of heritage without the contribution of additional resources can only lead to the deterioration of heritage and trigger cumulative processes of indifference towards it. The least that can be done is to ensure that deterioration costs are internalised by making their actual beneficiaries bear them.

[6] Apart from the relatively narrow segment of educated middle-income or affluent consumers, we propose to identify four other segments: the first consists f families with children who visit monuments for cognitive or educational purposes and also as a form of entertainment. This segment looks for sources of information or comprehension that it can "make its own" and the experience shows that it is willing to pay if the products on offer satisfy its purpose and are of the expected quality. The second segment consists of slightly older people having more money and free time at their disposal for whom visiting a monument is as much of a cultural as a leisure activity: to satisfy this segment the monument must organise visits offering comfort, relaxation and knowledge about the arts which is an expensive proposition. The third segment consists of socially underprivileged and marginalised groups: their resources are more limited and the monument's management use their desire to visit as an argument to obtain higher government subsidies. The last segment consists of "potential associates" who may not initially be well-versed in the arts but who, after several visits and the experience and the lessons they learn from them, can decide to involve themselves in supporting artistic activities through donations and lobbying activities.

[7] Alf H. Walle, *Cultural Tourism: A Strategic Focus*, Westview, Boulder, 1998.

[8] Gianfranco Mossetto, *L'Economia della citta d'arte*, Etas erl, Milan, 1992, p. 23.

[9] Faced with the creation of pedestrian zones in some old cities, the traders believe that they are not obliged to pay any special levy although this change benefits them.

4. The 'City of Arts' challenge

Having acknowledged the motives for valorising heritage, we must find out how various cities and regions can benefit from it. To begin with, you may think that improving a monument will lead to the development of the surrounding area and that is what the application of income and employment multipliers to these regions indicates. Towns having a multitude of significant monuments are expected to benefit a great deal from this improvement. But this mechanical reasoning is misleading. The outcome of this development largely depends on the proper integration of the area and the relatively unimportant role of heritage sites in the area's economy [9,12].

The first obstacle to development is posed by leaks in the multiplier process. Let us take the example of a town, which can create about 100 jobs for looking after visitors and tourists. Let us suppose that the average job multiplier is 1.4 (for every job that is created there will ultimately be 1.4 jobs in the area under consideration). Depending on the size of the town, there can be three diversion coefficients according to the area's ability to satisfy the needs of visitors and tourists all by itself (see Table 5):

- in a large area, the coefficient is supposed to be nil, which means that the area is self-sufficient and capable of satisfying all its needs with its own resources;
- in the case of very small areas, the diversion coefficient is supposed to equal 1, which means that they are unable to satisfy any of the needs expressed without bringing in goods and services from outside;
- in the case of medium-sized areas, the coefficient is supposed to equal 1/2 which means that they can satisfy only half the needs expressed with their own resources.

The anticipated development effect may thus decrease and even disappear totally. Further, the expenditure on heritage-related services in such a town may be compensated by the reduction of expenditure on neighbouring areas. If visitors (from within the country) prefer to visit a particular town rather than a neighbouring one, their expenditure will be compensated by a reduction in the income anticipated by the neighbouring town. The development effects can even be negative. The smaller the area, the more it is exposed to this risk. But on the national scale, there is a greater possibility of avoiding this phenomenon because the available income is spent within the country in any case (see Table 6).

But there is a second difficulty. The analysis of development effects produced by a heritage site in a given area is generally based on constant prices. It therefore tends to underestimate the increase in the costs incurred on repairs and the price of services, the phenomenon of speculation on land prices and the negative dynamics resulting from these factors. In such a case, the net profit from development effects can be quite different from the results given by the multiplier. While trying to turn the heritage site into a potential source of development, the art town attracts external income and expects to create jobs. But the increase in expenditure on investment and consumption tends to increase salaries and prices. If a qualified work force is not locally available, it is necessary to attract it from outside by offering a higher remuneration that will affect all salaries in the area. The construction of parking lots, restaurants and hotels will lead to a rise in real estate prices and a fall in the real purchasing power of a section of the residents which may even force them to leave the area. The supposedly beneficial effect of investment in heritage can thus create tensions that are sometimes detrimental to the development of the area in question.

To improve upon this mechanism, we will suppose that there are two sectors in the area – a heritage sector and a non-heritage sector. This means that there will be two types of markets. The two sectors may compete with each other to obtain the required work force and other productive resources. The price of labour in the first sector will influence the cost of labour in the second sector while prices in the non-heritage sector, which may act as a supplier to the heritage sector, will respond to the level of activity in the latter and this may lead to a change in the purchasing power of all the inhabitants of the area. The players' reaction to price movements triggered by investment in heritage will depend on the size of the heritage sector.

The price-elasticity of two factors is at the core of this analysis. If the elasticity of job supply is infinite, it will be

Table 5
Value of the development effects of a heritage project on the area under consideration

	No. of jobs provided by the monument	Total No. of jobs supposed to be created	Self-sufficiency coefficient	Net No. of jobs created by the project in the area	Real multiplier value
Large	100	140	1	140	1.4
Medium	100	140	0.5	120	1.2
Small	100	140	0	100	1

Table 6
Value of the development effects of a heritage project on the entire economy

Area	No. of jobs created	Real total of jobs within the area	Diversion coefficient	Net no. of jobs created by the project	Real multiplier value
Large	100	140	0.1	126	1.26
Medium	100	120	0.3	84	–0.16
Small	100	100	0.5	50	–0.50

possible to respond to a rise in the labour requirements without any increase in cost of salaries and other activities. But if the elasticity of job supply is low, the labour requirements will be satisfied only at the cost of a substantial rise. So a town not having an adequate work force, or one that is not properly integrated due to a poor circulation of jobs between its diverse activities and sectors, may have to face an excessive rise in salaries or be obliged to bring in workers from outside at an equally high cost. This will have a deleterious effect on the local job market.

If the elasticity of the supply of local products is infinite, the town may respond to a rise in demand without experiencing a rise in costs or a demand for higher salaries. Inversely, the low elasticity of the supply of products will be able to satisfy the increased income and demand in return for a substantial rise in prices and a consequent fall in purchasing power.

Hence, the more important a heritage site–and this also applies to towns having several monuments–the lower the elasticity. Due to the insignificance of the non-heritage sector, they do not have at their disposal adequate resources in terms of labour, goods and services and they are obliged to look for them in other in other areas. We thus come back to the results related to the multiplier effect. In both cases, the degree of integration is the determining variable. The more an area is integrated and the larger the resources it can use for productive purposes, the greater the absorption of tensions created by investment. Consequently, positive effects will prevail over negative effects. But if an area is less integrated and has fewer resources, the tensions created by investment will be greater and negative effects will prevail over the positive effects.

Therefore, the relative importance of heritage and the degree of integration in an area will combine to define the development dynamics related to investment in heritage. The four dynamics that are obtained intuitively on the basis of the preceding observations, but more thoroughly by following the model presented in the Annexe, are summarised in Table 7.

To read this table, please note that: Ep is the variation of employment in the heritage sector and Enp is the variation of employment in the non-heritage sector.

In the first case (where there is strong integration and the role of heritage is limited [Area 2]), both the changes are positive and employment increases faster than in the non-heritage sector. This could be the case in metropolitan zones where there is significant investment in heritage resources, e.g. through the creation of special monument and museum districts. The use of heritage leads to a positive increase in the number of jobs in spite of the increase in real salaries. This is so because the economic fabric is strong enough to respond to the increase in the purchasing power of visitors as well as the income it generates for all the residents of the area who offer their services. This creates a strong movement of jobs in the non-basic or non-heritage sector. Further, the relative position of the heritage sector is fairly limited as compared to the totality of activities in the area for the rise in prices and remuneration in the heritage sector to have too much influence on the other sectors. To summarise, the positive effects of integration are not affected because in this configuration the role of heritage is sufficiently limited for the destabilising effects of investment in heritage to leave their mark. This justifies investments in the heritage sector in important urban zones, whether they are metropolises (New York, Paris) or smaller towns (Bilbao).

In the second configuration, where there is less integration and the role of heritage is limited (Area 3), variations in employment are positive, but employment increases less rapidly in the non-heritage sector than in the heritage sector. This is so in the case of towns where visitors give rise to heritage-related jobs but where the local fabric is such that the needs so created are not satisfied. Consequently, goods are brought in from outside instead of being produced on the spot. In short, the positive effects of integration are absent, but the heritage site does not occupy a sufficiently important place for the destabilising effects of investment in heritage to make themselves felt. This applies to heritage towns like Krakow, Bruges and Toledo where, due to very little structural diversification the town cannot benefit fully from tourist activities and this has an adverse effect even on other activities due to inflation and speculation.

In the third case, where there is little integration and heritage plays an important role (Area 4), this logic is carried to the extreme. The rate of job creation is positive in the heritage sector but negative in the case of other activities. A highly speculative development in the heritage sector would lead to such a situation. The resultant price effects would make other services totally non-competitive and force tourists to satisfy their needs of accommodation, eating-places, etc. In other places. In brief, the destabilising effects produced by an important heritage site are catalysed by low integration. This is true of heritage sites deprived of interesting surroundings (e.g. Mont Saint-Michel) as well as areas where players in the non-heritage sector resort to speculation and expect to profit by the situation (e.g. Venice).

The last case (Area 1) is more ambiguous, and even surprising, as it combines a high level of integration with a significant share of heritage. It can be explained in the following manner: a sizeable investment in a highly integrated zone can give rise to an important movement of income and

Table 7
The different effects of investment in heritage on local development

	Highly integrated local area	Less integrated local area
Important role of heritage	Area 1: Ep (<0) < Enp (> 0)	Area 4: Ep (> 0) < Enp (> 0)
Limited role of heritage	Area 2: Ep (> 0) < Enp (> 0)	Area 3: Ep (> 0) > Enp (> 0)

prices which will make the heritage sector less competitive and can even lead to its regression. A rise in prices in the heritage sector due to a fall in its productivity, a rise in salaries, etc. would lead at one and the same time to a fall in the supply of jobs and stimulate demand and employment in the other sectors of the local economy.

Investment in heritage is therefore more sustainable if it is made in an area where it does not play a key role and where there is a high level of economic integration. A low level of integration does not pose an insurmountable obstacle, but it may expose the territory to a dangerous situation (a shift from the third to the fourth model in our analysis). If the two conditions are combined, local employment benefits significantly from heritage-related activities (heritage sites situated in large urban centres like Paris or New York). But in a territory that is not very well integrated, heritage related jobs are the main beneficiaries (heritage towns and centres of art like Venice, Krakow, Bruges, Toledo, etc.).

Investment in heritage is all the more problematic if it increases the relative importance of the heritage sector in the concerned territory and can give rise to serious distortions in time. When faced with the real problem of absorption, two elements determine the final result: controlling land rights and the total amount of salaries paid in the heritage sector.

Rural areas (and even smaller towns) are particularly prone to these dangers that often compound the problems created by the relative importance of heritage resources and low level of integration. Often it is these same areas that pin their hopes on cultural tourism. Our analysis underlines the fact that such investments ought to be adjusted to the absorption capacity of the surrounding areas and should not rest on an exaggerated anticipation of the demand for and the potential of heritage-related jobs.

Towns renowned as centres of art and culture thus find themselves on the horns of a dilemma. They expect to gain substantial profits from their heritage sites but their peculiar characteristics may prevent them from doing so. This is a real paradox but not necessarily insurmountable. Our analysis may in fact be considered in a more positive light as the means to identify such factors as can help these towns to succeed.

One way is to raise the area's level of self-sufficiency. However, its efficiency may be limited because this generally requires a larger area and this is not always the case with towns known as centres of art and culture. One solution is to define the possibilities of development within the regional framework. The level of self-sufficiency can be raised, but this may give rise to conflicts of interest with other kinds of activities or resources, e.g. water in some developing countries.

Another way is to improve training facilities. Once a skilled work force created through investment in heritage develops competencies that are also capable of satisfying local needs, the relative importance of heritage-related jobs ceases to pose a risk and guaranties development as shown in models 2 and 3. For example, when competencies in the field of catering and maintenance can be mobilised for the benefit of the surrounding area, they can effectively satisfy local needs in the fields of construction and public works without having to bring in resources from other areas (this is the case of workshops-cum-training centres and training programmes for small entrepreneurs in Andalusia).

Finally, by controlling land rights it is possible to take precautions against the effects of speculation; but this is not always easy. As a matter of fact, the desire to earn more money will only increase with the possibility of developing tourism in the area and some inhabitants are bound to be more interested in earning short-term gains from speculation rather than in the long-term development of their town.

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