Privatization of State-owned Cultural Heritage: a Critique of Recent Trends in Europe.

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Privatization of State-owned Cultural Heritage: A Critique of Recent Trends in Europe

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Abstract: *Privatization, the market sale of cultural heritage properties belonging to the state, is a growing trend. Examples from Italy, Britain, and France show that this trend is not likely to stop, putting at risk the concept of the state as steward of public good. The risk for the resource itself is in its loss of authenticity following market-oriented attempts to develop it to enhance its economic value. This paper introduces the concepts of cultural heritage* exploitation *and* use *as two different models of heritage management. It argues that cultural heritage exploitation has only an apparent economic advantage but in reality is nonsustainable over the long term as it requires continuous reinvestment to remain competitive; cultural heritage use can be sustainable as it implies active involvement of the local community in the decision-making process and state–private partnerships in the process of development, conservation, management, and protection of the cultural resource.*

The subject of privatization of cultural heritage is vast, as each country has different legislation under which various forms of privatization or private input in heritage conservation and management may be allowed. Privatization may be limited to the management of services of a heritage place, such as ticketing, restaurants, general maintenance and upkeep, museum shops, security, and, in some cases, even inventory and conservation. In other cases, privatization refers to the sale of a scheduled building or site, for which change of use is allowed (which potentially takes the site out of public use). In still other cases, privatization refers to the selling of a heritage place to a private company so that it can be transformed into a tourist attraction.

In this paper privatization is discussed as one of the elements of *désétatisation,* a French term indicating decentralization and the state's attempt to reduce expenditures. As mentioned above, there can be many forms of privatization in the cultural sphere.[1] This critique is limited to the actual sale of cultural heritage sites to private individuals or corporations, either for further development as cultural attractions or for other use.

Recent episodes are used to illustrate changes being introduced in some countries. For example, in Italy a century-long tradition of promoting public over private interests in heritage conservation is being dismantled in favor of an approach that sees privatization as the only cure to the problem of lack of maintenance and management. In Britain, an alarmed English Heritage realized perhaps too late that local history was at risk of being lost following the selling off of local council properties, including those of local and regional importance. These new and different approaches to managing cultural heritage mark a turning point in the traditional approach whereby government bodies are seen as most qualified and responsible for the conservation of cultural heritage sites.

The privatization of cultural heritage has always been considered by the proponents of "lighter" government (where state ownership of immovable property is reduced to an absolute minimum and most services are privatized) as a way to ease the burden of conserving, protecting, and managing so-called lesser heritage. If by "lesser heritage" is normally meant all those historic buildings and monuments that are of local or regional importance and not usually considered worth listing in national registers or being given special protection status, the distinction between major and minor heritage, between important and less important sites, is very dangerous and should be avoided. Altogether these buildings and sites form the character of historic towns and cultural landscapes, and their existence as an integrated system transforms these buildings into "heritage" and gives communities a cultural landscape in which they identify themselves (Settis 2002). It may be argued that it is not the change of ownership that modifies the physical structure of a town; however, if the change of ownership is also associated with radical change of use and the commercialization of public spaces, the effect can be disruptive for the sociocultural and physical structure of the town (Hassler, Algreen-Ussing, and Kohler 2002).

The exploitation of heritage sites by private entities is indeed more dynamic than that by public organizations. It is more market oriented, as income is needed to maintain the property and obtain a financial return. It is more customer oriented, as economic success is the result of strategies aimed at attracting more visitors and rewarding them with an experience that meets or exceeds their expectations. By allowing private individuals or corporations to buy heritage properties with the purpose of obtaining revenues from them (especially if such revenues are tied to the cultural marketing of the property), the central government accepts the principle that it is not able, as private enterprise is, to promote, market, and exploit all heritage sites and monuments under its jurisdiction and that private enterprises have the flexibility required to make a profitable business by "selling" heritage.

Why, then, criticize a model that seems to work? I argue that the privatization of cultural heritage is a risky business that may have some short-term economic advantage for the state and the private sector (which makes it so appealing), but in the long term it may weaken or destroy the trust that citizens have in the state as the steward of public good ("public good" being intended here not as commodity but as a political process) (Throsby 2002).

Noneconomic parameters in what is mainly an economic justification to privatize heritage places have often been ignored, but they should not be. Economists such as David Throsby, Arjo Klamer, and Peter Zuidhof have warned that especially in cultural heritage matters, the long-term economic advantage is not necessarily the one that produces revenue but the one that improves the well-being of the people (Klamer and Zuidhof 1999; Throsby 2002). Improving services with the help of the private sector is one thing; encouraging the private sector to support conservation and maintenance activities is another (Settis 2002). However, the hands-off approach that some governments are taking, where the selling off of sites and buildings of cultural importance is presented as a revolutionary step rather than the extremely conservative approach that it is, makes the privatization of cultural heritage as a whole a very difficult topic to discuss.

Access by the private sector to the cultural industry is a trend that cannot be stopped; but its consequences must be better understood. More important, this access must be better regulated, especially in terms of controlling the quality of the private intervention and ensuring that the public benefit is enhanced rather than limited by the change in status of the cultural property.

In Italy, the present government's efforts to find financial support for its program of infrastructure development and tax reduction extend to the listing of many properties, including those scheduled for natural or cultural reasons, for possible sale directly or through competitive bidding. The original plan included the creation of a new holding, Patrimonio SpA, which translates as Heritage Inc., to which state properties could be transferred by a decree signed by the minister of finance (and endorsed by the minister of culture and the minister of environment in the case of scheduled properties). The properties on this list could be sold or given in concession to private enterprises. By a simple signature, the minister of finance could also transfer any of these properties to another holding, Infrastrutture SpA (Infrastructures, Inc.). The market value of the properties in this holding was intended to be used to issue bonds and as security for bank loans. The bank would, in effect, then become the new owner of the property until repayment of the loan.

Critics of this approach, which include Salvatore Settis, director of the Scuola Normale Superiore in Pisa and previously director of the Getty Research Institute in Los Angeles, have pointed out several issues:

- There was no need to include scheduled properties in the lists, as the state owns a large quantity of buildings and land having no cultural or environmental value.
- That they were included means that there is a complete lack of understanding of values other than purely economic ones.
- The laws accompanying the creation of these holdings, as well as those authorizing the direct sale of state properties to private companies, explicitly deny the Ministry of Cultural Heritage the right of first refusal. This has recently been put into practice with the sale to the Carlyle Group of the buildings of the state-owned tobacco company, Manifatture Tabacchi,

most of which were scheduled modernist buildings from the 1920s and 1930s, without informing the local authorities. In the case of the Manifatture buildings in Florence and Milan, projects had already been prepared—and paid for—by the city councils to transform them into community and art centers.
- The inclusion of many cultural heritage properties on these lists marks a worrying trend in the identification of these properties as moneymaking opportunities for the state to take advantage of their added cultural heritage value by selling and for the new owner to transform or resell.
- In the case of Italy, no prior assessments were made of the significance of these properties, and many nonscheduled properties put up for sale were actually worthy of scheduling, thus also showing a lack of commitment by the state to its own constitutional principles, according to which the public good takes precedence over economic considerations (Article 9 of the Italian constitution). The example of disused prisons and military barracks is particularly relevant, as not even the State Board of Architectural Heritage, the Soprintendenze, has protested their inclusion in the list of salable properties, and this when the cultural, historic, and social value of these properties is recognized internationally.
- Although a transitory and not a permanent regulation, the present evaluation of the market value of state properties made by the Demanio dello Stato, the authority that administers buildings and land owned by the state, is accompanied by a time limit of 120 days for the Soprintendenze to declare whether a site should not be put on sale because of its heritage value. Although in theory this time frame would allow such an evaluation to be conducted, in practical terms it is absolutely insufficient, given the work overload of every Soprintendenza in Italy. The invitation by the minister of culture to the Soprintendenti to take a site off the list of properties that can be sold, when in doubt, does not relieve critics' concerns about the consequences of this law in the long term, nor does the directive to the Soprintendenti by higher state hierarchies to use this power with discretion.

The Italian example has been followed by France, which has recently announced the sale of a number of buildings and landholdings, mostly belonging to the army or to various ministries (Masse-Stamberger and Richard 2004).

These examples show that there is a clash between different concepts of use of cultural heritage resources: one more market oriented, the other more inclined to accentuate the social value of cultural heritage. This is not limited to Italy; it is a global trend whose effects are visible in many countries.

The market approach may be defined as *cultural heritage exploitation* and the social approach as *cultural heritage use* (table 1). The first seeks economic return; the second looks at the broader role the resource can play in society, without limiting it to an economic one. The first identifies a basic value (frequently an aesthetic or a historic one) and markets it in order to promote the site; the second balances all the values and allows them to define the significance of the site. The first isolates the site from its surroundings, as it sees the resource as a single element; the second sees the site in its wider physical and social context. The first needs continuous reinvestment in terms of new infrastructure, new exhibitions, or restoration to determine success based on visitor numbers and straight economic return; the second creates the means for its own conservation, as it balances social and economic benefits by entering into the cultural sphere of the community. Since this protection is not based on massive restorations and interventions, it is locally apt and sustainable. It creates the opportunity for community involvement, which is not necessarily dedicated solely to tourism services but can also cover aspects of documentation, assessment, conservation, and education.

The local community in a cultural heritage exploitation approach is seen as being at the service of this initiative, by providing a labor force for all the activities generated by the tourism industry. In a cultural heritage use approach, the community "owns" the resource (not necessarily in a legal sense but rather in a social way) and organizes itself around this ownership.

The nonsustainability of the cultural heritage exploitation approach is demonstrated by the fact that rapid exploitation tends to degrade the resource, especially if reinvestments after the initial push, usually encouraged through bank loans or preliminary investments, are not adequate. The sustainability of the cultural heritage use approach is given by the involvement of the community and its understanding of the values of the resources and means to preserve these values without radically altering them.

In short, *exploitation* sees cultural heritage as a product to manipulate, a product that exists on its own and has

Table 1 Cultural Heritage: Exploitation or Use?

	Market Approach: Cultural Heritage "Exploitation"	Social Approach: Cultural Heritage "Use"
Economy	Seeks immediate economic return.	Does not consider economic value as most important.
Values	Marketing of limited sets of values, favoring those that can be easily sold to the public, such as aesthetic value.	All values shape the significance of the site, with high importance given to local interpretations and feelings about this heritage.
Context	Considers the site an isolated entity, a monument that has little relationship with its surroundings.	Considers the site part of a cultural continuum with its surroundings.
Management	Needs continuous reinvestment to maintain competitiveness.	Balances use and conservation.
Main Objective	Tourism	Public good
Local Community	Local community is in service to cultural heritage exploitation.	Local community participates in conservation.
Effects	Exploitation degrades the cultural resource.	Use adds value to the resource.
Sustainability	Nonsustainable	Sustainable

superficial links, if any, to society at large and to the local community in particular. The relationship to the resource is purely aesthetic for the consumer, purely economic for the manager. This is not an overly pessimistic view. Concepts of *edutainment,* theme parks and the like, where interpretations of past and present cultures are naive at best and deceptive at worst, are now seen also at the level of interpretation of cultural resources.

The other consequence of the indiscriminate sale of cultural heritage is the isolation of a few universally recognized monuments, thus severing the cultural relationship they have with their physical and social environment. The disruption of this continuity is what the critics of the indiscriminate sale and state hands-off policy fear the most. This is expressed by English Heritage in its 2002 *State of the Historic Environment,* where a generally good condition of protection and conservation for Grade I listed buildings does not extend to buildings of local value, which are being sold by cash-strapped local councils.

What is at risk with the present trend of privatization of cultural heritage sites is the loss of significance (as a balance and an expression of many values) and the loss of authenticity of the resource. In the longer term, this will translate into decreasing community interest, as the resource does not "belong" to them anymore, and decreasing visitor satisfaction, with dire consequences for a site that the private owner no longer sees as profitable, thus encouraging a process of rapid sale of nonprofitable properties or of their contents, such as furniture or art objects, to raise cash for repairs (English Heritage 2002). This has serious consequences for the ability of state authorities to control the legislation protecting the resource. In the United Kingdom, for example, many manors and villas were destroyed by owners who were not able to maintain them, requiring that specific legislation be introduced to ensure their protection (Settis 2002). (See table 2.)

What is the alternative? How can private enterprise help cultural heritage conservation and not be part of the problem?

First, the hands-off policy of the state does not pay in the long term. Partnerships between state and private bodies should be strengthened, with the understanding that the advantage to the private sector comes especially from tax incentives rather than from theoretical, often illusory economic advantage. The result would be a general improvement in the social and economic condition of the community in which the site is located, because a conservation approach is more balanced than an aggressive strategy for extracting income. Many economists are now looking at cultural heritage sites in a community as an element that contributes to its well-being even in the absence of direct moneymaking opportunities. These sites, if well managed, and the benefits they provide in terms of generating culture, social cohesion, and a sense of ownership are sufficient to start a process of upgrading and economic improvement that can be assessed and properly evaluated.

Given the trends observed in Europe, there is reason for pessimism. If, on one side, there are opportunities for private enterprises to successfully contribute to cultural heritage conservation and to the public good, if states realize the benefit of such partnerships, pessimism still prevails because of the

Table 2 Privatization: Does It Work?

Expectations	Reality
Sale of property frees the state of administrative and financial burden and the property is better taken care of.	Private company reduces expenditures on conservation and protection to maximize revenues.
The new private ownership can make money from the resource.	Conservation costs may be higher than revenues, thus forcing the company to either resell or reduce the exploitation of the site.
State gains from the sale of the property.	State may be forced to pay for the site's conservation if the private company fails to do so. The immediate revenue from the sale may also be absorbed or canceled by expenditures required to provide public services, such as road access or other needed infrastructure.
Site increases in economic and cultural value following its privatization and development.	Site loses authenticity after inappropriate interventions and excessive development and/or change of use.
Investment in cultural heritage calls for more investments.	Scarce revenues do not justify reinvestments.
U.S. model shows that large museums and historic properties can be private and make a profit.	There is no profit without large donor base (difficult to achieve in other countries with more restrictive fiscal legislation concerning donations).

strong temptation of public officers to equate private sector participation in heritage conservation with its privatization.

Public administrators, unfortunately, lack the capacity to think and program long term. Although cultural heritage management curricula now exist in many institutions of higher learning in Europe, it is still difficult for these newly formed programs to have a say in the processes of urban, economic, and cultural heritage planning, especially at the local level. The development of these new professional programs cannot, alone, help to better manage cultural heritage assets if local communities do not realize that their history, memory, and, ultimately, social cohesion are at risk if they fall victim to the sirens of hastily accepted economic models.

Notes

1 John Myerscough (2001) illustrates several aspects of privatization in the cultural sector: *plural funding* (search for funding—and finance—from nonpublic sources); *purchaser provider splits* (separating the purchase of public services from their provision); *outsourcing* (contracting out by government department or public undertaking to independent for-profit or not-for-profit suppliers). He adds that "privatization" is also applied to the "process of giving state institutions more responsibility and freedom of action, by simplifying their financial regulations or reconstituting them as non-departmental public bodies or as non-profit companies or trusts or foundations" (p. 8).

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