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**Measuring value and values:**
Presentation to ICOM MPR,
Brno, 18/9/2011
http://www.liverpoolpictorial.co.uk/museum-of-liverpool-mann-island.html
What is value?

- Value as price
- Value as ethics
- Value as expression/identity
General problems of cultural policy

- Data collection, statistics and evidence are a longstanding issue in the cultural sector.
- Reflects the problems of defining culture (e.g. Gray 2006, Miles and Sullivan forthcoming).
- And defining what cultural policy is *for*
‘the sector is hindered by its failure to clearly articulate its value in a cohesive and meaningful way, as well as by its neglect of the compelling need to establish a system for collecting evidence around a set of agreed indicators that substantiate value claims’ Scott (2009:198)
Four phases in UK(?) cultural policy

- *Ars gratia Artis* 1940s-1970s
- Breakdown of consensus 1970s
- Making an economic and social impact 1980s-2000s
- The decline of impact and the rise of value mid 2000s-present
Economic impact (DCMS 2010a:8)

- The first five years of Arts Lottery capital spending created between 27,000 and 36,000 jobs in the UK (Arts Council England, 1997).
- The economic impact of the museums and galleries is in the range of £1.83 billion to £2.07 billion (NMDC, 2004).
- In 2004 consumer expenditure on sport in the UK was £23.6 billion (more than 3% of total expenditure) and the sports sector employed 569,000 people (Sheffield Hallam, 2010).
- Repairs to historic farm buildings and dry stone walls in the Yorkshire Dales National Park involved the injection of between £7.08 million and £9.12 million into the local economy, with every £1 spent on repair work resulting in a total output in the wider local area of £2.48 (Courtney et al, 2007).
- The annual turnover of Britain’s major museums and galleries exceeds £900 million and the major museums and galleries spend over £650 million a year (NMDC, 2006).

Social Impact (DCMS 2010a:9)

- People believe that museums develop communities by building identity through reflecting shared collective values and common heritage, and contributing to social cohesion (Scott, 2003).
- Community archives can promote understanding, tolerance and respect between generations and between diverse communities; promote active citizenship; and create pride and interest in communities that have been marginalised (Siddons, 2007).
- Exhibitions of refugee oral history interviews generate a greater understanding of refugee communities and their positive contribution (Lowry and Mullen, 2007).
- The arts can generate positive mental health outcomes in the general population through enabling self-expression and communication (Arts Council England, 2004).

Matarrasso, F (1997) Use or ornament? The social impact of participation in the arts, London: Comedia
But are these ‘impacts’ the real value of culture?

'Mozart is Mozart because of his music and not because he created a tourist industry in Salzburg or gave his name to decadent chocolate and marzipan Saltzburger kugel. Picasso is important because he taught a century new ways of looking at objects and not because his painting in the Bilbao Guggenheim Museum are regenerating an otherwise derelict northern Spanish port. Van Gogh is valued because of the pain or intensity of his images and colours, and not because he made sunflowers and wooden chairs popular. Absolute quality is paramount in attempting a valuation of the arts; all other factors are interesting, useful but secondary. ‘ (Tusa 1999, cited Reeves 2002:36)
‘if we consider that to support one person’s or groups’ culture is also to a make a decision not to support another’s, on what basis do we make these decisions?’ Reality of current central govt is a zero sum game. There are not enough funds to go round, so how do we allocate them?’ Gibson (2008:14)
What is the aim of government policy?

‘The fundamental reason for national and local government action is based on the economic principle of market failure. Market failure can occur for several reasons, but when it does occur it means the market will under value the benefits of engagement leading to an under supply of culture and sport. Therefore the market alone cannot be relied on to produce a socially optimum level of supply........ *It is not sufficient, however, just to identify in principle that a market failure may exist: evidence is required* (DCMS 2010:6)’
HMT’s understanding of value

- Based on neo-classical ideas of utility
- *Green Book*
- Opportunity cost and Cost Benefit Analysis are key
- Net Present Value (NPV): value of costs of a policy minus value of benefits, discounted over time
- Works well for some forms of government policy, but not for others
- We know the costs of culture- how do we value the benefits?
Cost Benefit Analysis

- ‘Analysis which quantifies in monetary terms as many of the costs and benefits of a proposal as feasible, including items for which the market does not provide a satisfactory measure of economic value.’ (HMT 2003:4)
What is economic value? (Pearce et al 2002)

‘economic value’ will be taken as referring to the amount people are willing to pay for an outcome. (DCMS 2010a)
Contingent Valuation

- Well established in environmental and transport economics
- Endorsed by DEFRA, DfT, BIS (2010) and HMT’s Green Book
- There are similarities between environmental and cultural goods (Noonan 2002)
- Method works by constructing a hypothetical market for a good
- Then finding out how much people are willing to pay for that good
- Can be basis for benefit or value transfers
BOLTON'S MUSEUM, LIBRARY AND ARCHIVE SERVICES

Indirect Value (non-users) £3m

Direct Value:
- Library Users £4.4m
- Museum Users £2.8m
- Archive Users £0.2m

Total £10.4m

Cost Benefit Ratio 1.6:1

Public Funding £6.5m
Problems with the CVM

- Lack of studies & data for the UK (CASE 2010:5)
- Elicitation effects (i.e. Question formats produce different results)
- Payment vehicle effects (i.e. Taxes or cash payments)
- Information effects (more info given higher WTP figures)
- Scope sensitivity (e.g. WTP doesn't increase enough relative to size of good)
- Part-whole effects (sum of part values > whole of object)
- Focusing effect (when asked the objects seem more important Smith and Sach 2009, Dolan and White 2007)
- Protest zeros
- ‘Warm glow’ rather than actual WTP (questioned by Hackl and Prukner 2005)
- Based on individual utility theory so can't value ‘social’ goods over time (Snowball and Webb 2008)
- People aren’t usually asked to do this type of valuation! Most market valuations are based on years of experience, so non-market valuations have little for people to base judgements on (Newton 2007, Ravenscroft 2010)
And might lead to unpalatable policy conclusions?

- ‘Paying an entry fee is an expression of how much you want to see something that you're willing to pay for the privilege of seeing a collection of rare and important cultural objects. People who only go to see a collection just because it's free are cultural scroungers hardly the kind of visitors you want to attract or share a museum with.’

Comment on Jonathan Jones’ Guardian Blog 30/6/2010
‘contingent valuation will continue to be used in spite of the obvious weaknesses of survey techniques, until someone comes up with an alternative method powerful enough to displace it.” (Epstein 2003:260)
Culture and Sport Evidence Programme (CASE)

- Joint research programme between Department for Culture, Media and Sport (DCMS), Arts Council England, English Heritage, Museums, Libraries and Archives Council and Sport England.
- 1) what drives people to engage
- 2) what the impacts of that engagement might be
- 3) how can we value that engagement for economic appraisal.
- Involved a range of methods, including systematic reviews, decision modelling and subjective wellbeing/income compensation
Subjective well-being & Income compensation

- Trend in government e.g. DWP, ONS, Cabinet Office
- Uses standard surveys of subjective well-being and its relationship with income to create financial values
- Basis for CASE valuations
- However research is still in its infancy
- Has analogous issues to Contingent valuation!
The SWB effect – comparison of engaging in culture and sport (at least once a week) and other policy outcomes (DCMS 2010:36)
Income compensation estimates for engagement in arts and sport (at least once a week) (DCMS 2010:37)
What are the consequences?

- Decline of professional judgement and autonomy in the face of ‘objective’ measures of value (Grix 2010)
- ...which may not be such a bad thing! (Miles and Sullivan 2010, Bennett et al 2008)
- But aesthetic judgement is a key issue for cultural sector (e.g. Great Art for Everyone ACE 2010)
The broader consequences

- ‘Proponents see these measures as making important information more accessible to consumers and clients, motivating organisations to improve, providing critical feedback about policies, and extending market discipline to other institutions. Critics point to the harmful, unintended consequences that occur when professionals loose discretion and actors “play to the test” focusing on indicators rather than on the qualities that the measures are designed to evaluate’ (Espeland and Sauder 2007:2)
...of economic managerialism for culture

- ‘good work’ becomes that which.... can be externally evaluated in a quantitative manner and can supply hard data. As a result, some types of work and some types of professional practice become seen as ‘difficult’ because they are not susceptible to this form of evaluation....this places pressure on certain groups of professionals to change their working practices or become marginalized within the system and thus risk a reduction or cessation of funding for no other reason than the fact that their work does not fit the requirements of audit and therefore cannot be ‘trusted’ in the same way as more structured professional practice.’ (Barton 2008:275)
Reflexivity and the social life of methods

- Reflexive turn in social science and the constitutive role of methods
- Political Science constructions of public opinion (Espeland 2001)
- Economic constructions of GDP, population, value (Law and Urry 2004)
- So what cultural policy will economic valuation make possible?
The limits of the economic method

- ‘if in using a general concept of value (e.g. Money) we can frame our choices as between more or less of the same quantity, we no longer feel the same way towards those things.’ Espeland and Stevens (1998:322)
- If we value love or friendship as something which grants us utility then it is interchangeable with other things that give us utility
- BUT by definition trust, friendship, love are ideas, objects or goods that are, by definition, those things for which there is no market
- So how can we value them with economic techniques?
and the nature of cultural goods

- ‘it is a characteristic feature of at least many cultural goods that, directly or indirectly, they address and explore the nature and possibilities of human wellbeing itself’....‘their significance resides to a considerable extent in providing a means by which those audiences can reflect on other goods, and hence make better judgements about their value for them’ (Keat 1999:10)

- Thus cultural goods both make markets function more effectively and show us the limits (i.e. what cannot be provided) by the market
Conclusion

- The UK context- esp. cultural policy under New Public Management
- The value of economic methods
- The importance of choosing the right method
- Moving beyond the intrinsic/instrumental debate
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