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"Measuring the value of cultural goods in international trade"

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1 Introduction

The World seems to shrink. Traveling is faster. Media brings news in the speed of light. People migrate and spread patterns of their culture. Many domains like music, movies and art in general become similar in all parts of the world. What is more, topics they bring up affect not only regional problems but also global ones. Widely publicized and discussed issues can be a positive aspect of globalization i.e. gathering powers throughout the world may be the only chance to save the environment. Fundamental culture differences become meaningless. There are fewer differences and national patterns are marginalized, so that our lives seem to become unified. Organizations like World Trade Organization (WTO) additionally support and simplify the process of globalization and trade liberalization.

These processes bring many positive aspects to our culture, however they have also bad sides. They bring an increase of welfare for trading countries, however the issue of cultural goods' place in international trade is still found problematic. The problem concerns exchanging cultural patterns which leads to unification and disappearing of cultural diversity. The process can bring new trends into cultures which may enrich them, however it can further cause homogenization of cultures and loss of national identity. Spreading popular goods dominate those original, specific for a particular country, which causes that characteristic products disappear and the cultural heritage all together with it. Moreover, the process is not equal. Stronger cultures dominate weaker causing their death. History and culture are heritage. They create part of out identity and that is why it is so important to protect valuable cultural goods.

Most countries try to protect their national identity. Not only small ones introduce special policies and regulations which aim at the protection of cultural goods and cultural diversity. Such policies help countries to preserve their diversity by stimulating cultural goods production. These actions involve also imitative products which are to replace original goods of larger/stronger country in order to share in their consumption externalities. The idea seems to be quite tricky as it contributes with the effect and simultaneously allows domestic production to exist. Also policies proposing production subsidies are suggested.

Nevertheless, there is still a question which goods should be protected and which do not have to. Measuring the value of cultural goods is a very complicated issue. The vast majority of their value is hidden in non-material aspects. Factors like artistic features, educational meaning, national pride and community identity are the most important component of a cultural good's value. These are non-monetary values and translating their

value into monetary terms is one of the biggest problems concerning cultural good's issue. Furthermore, a big part of cultural goods are non-market goods. That is why obtaining people's preferences on the base of their purchasing behavior is impossible. Even if cultural goods are somehow marketable, their value is composed of both passive-use and non-use values. It is a result of the fact that individuals can derive benefits from the cultural good that they do not directly consume. This is especially the case of such features like national pride.

The aim of this thesis is to propose possibly the best method to estimate the value of cultural goods. There are various methods in economics used for valuation of goods, however not many fulfill requirements set by cultural goods. Hence, numerous methods have been examined from the cultural good's point of view and all mentioned aspects of cultural goods value have been taken into consideration. Stated preference methods turned out to be the most appropriate. Contingent valuation method (CV) is supposed to give the best results in this field. That is why proposed method implemented ideas included in this technique. Clear guidelines concerning the survey hypothetical scenario and questions were suggested, so that the method could suffer possibly little because of its weak sides. Survey questions should consider the value from two aspects: positive like subsidizing and negative like compensation. A transfer of the fixed percentage of already paid tax to subsidize chosen cultural assets could become such a neutral scenario for the first approach. Then only those goods, which are important for a respondent, would be taken into consideration. Also the problem of spending an additional amount of money from a home budget and non-neutral connotations of words "charity" and "tax" would be omitted. Moreover, the influence of differences in income which could have an impact on the subsidizing decision is reduced, as the amount of taxes is supposed to reflect tax-payer's income. The model is based on the willingness to pay and accept method (WTP, WTA) and constitutes their hybrid. Obtained by the survey questions positive and negative values constitute the real value of the good. Thanks to such an approach all aspects of cultural goods values were taken into consideration and both positive and negative valuation was provided. The basic hypothesis being fundamental for this approach is that the value of cultural goods can not be estimated as a simple number, but rather an approximation. Depending on the type of cultural good, its characteristic and features like uniqueness, the proportion of positive and negative factor in value can differ. That is why the value should be explained as a linear function of these two factors. Then the exact monetary value of the cultural good is the point somewhere on the diagram. This point is described by fixed proportion of WTP and WTA valuation.

To explain further the idea the implementation of the model with data obtained from Aabo CV study [Aabo; 2005] was presented. The research considered the value of Norwegian public libraries and provided both WTP and WTA valuation. Survey was conducted by a professional opinion company and involved discussion on public services' funds reallocation. A special attention was paid to account not only use-values but also non-use ones. Inhabitants had to consider if closing down the library and using saved money for other public services would be beneficial for them. Results showed that for society libraries are worth about 5 times more than the costs of their funding.

In the following section definitions of culture and cultural goods were presented. It includes also classification of cultural goods. The third section discusses the influence of globalization and trade liberalization on culture. There were also presented studies concerning the issue of home-production protection. In addition, the discussion on profitableness of liberalizing trade and methods of cultural goods preservation was made. The section four mainly discusses controversies about whether to protect cultural goods or not. The next section aims in answering previously stated question. The first part considers the features and factors which have impact on the value of cultural goods. The second one presents measuring methods review. The last subsection contains proposed methodology. It explains all details of the model and implementation of survey data. The sixth section concludes the thesis.

2 What culture and cultural goods are

"A man should be just cultured enough to be able to look with suspicion upon culture."
Samuel Butler

2.1 How to define "culture"

*"There is nothing more undefined than the word 'culture'."* [Herder; 1784]
Johann Herder

The concept of culture [ENC; 1991] comes from a Latin *colere* which means "to cultivate, care, shape". It reflects its origins: *cultus agri* strictly meaning "to farm" and concerning transformation of natural goods into utility goods. The meaning is not strictly defined as various philosophical schools give different or even contradictory interpretations. It is worth to mention that such great philosophers as Immanuel Kant, Jean-Jacques Rousseau and Thomas Hobbes tried to define and categorize the idea of culture. There are plenty of definitions describing culture but there is still no consensus among scholars and philosophers. Approaches differ and depend on the domain which scientist presents and time they evolved. That is why we have various definitions obtained from the point of view of philosophers, sociologists or anthropologists and referring to current thought trends.

Till 18th century culture was the word which was positively valuated [Godlewski, Kolankiewicz, Mencel, Pęczak; 2005]. It distinguished tribal nations which were said not to have any traits of culture from civilized countries of conquerors. In accordance with this point of view, philosophers Thomas Hobbes and Jean-Jacques Rousseau contrasted culture with nature from which followed the distinction between civilized and uncivilized nations. Following that thought, native inhabitants from colonized lands were living in a state of nature, whereas conquerors represented civilization. This statement still brings ambiguities not only in studies of classifying culture. Further, Immanuel Kant proposed his own definition of "enlightenment" which highlighted the role of knowledge and education in the process of acquiring the culture. Thanks to Johann Gottfried von Herder appeared a universal concept of culture. It turned away from the valuating connotation and was close to contemporary definitions by anthropologists. Herder claimed that culture is an attribute of every community. He treated it as a tool of adaptation which explained events difficult to understand by a human being. He stressed the importance of passing on tradition which evaluated patterns of behavior.

Nineteenth century Romantics concentrated on the importance of widely understood consumption of goods like art, fashion and food when identifying culture. Considered a bridge between Romanticism and Modernism poet and cultural critic Matthew Arnold presented the view which can be closed in words "(culture is) the best which has been thought and said in the world" [Arnold; 1869]. This approach included beauty, intelligence and perfection and referred to so called "high culture". In opposite stays another critic Raymond Williams who introduced a new wave of thoughts about culture. Instead of "high culture" he used the phrase "culture in ordinary" [Williams; 1958]. In his eyes it was not a feature of art and knowledge but simple life. Sociologist Raymond Boudon explained that culture is a result of transformation of human beliefs into symbols [Boudon;1989]. He also emphasized modern means of spreading the phenomenon like media, religious institutions, government and educational systems [Boudon;1989]. The humanistic approach concentrated on the man stressing customs and beliefs which allow distinguishing groups of people. An interesting and deep thought was presented by Ashley Montagu. He claimed that not all educated men are cultured, however the opposite relation is often true as cultured people are usually educated.

More descriptive definitions were proposed by anthropologists. Clifford Geertz's interpretation of culture put a stress on the importance of symbols [Geertz; 1973]. John H. Bodley definition of culture refers to the society [Bodley; 1994]. Anthropological concepts of culture include such definitions like the one by Geertz. He compares man to animal which spun a net. The net is identified with culture. He also mentions that culture should be studied by cognizance of meaning and interpretation rather than by pure analysis [Geertz; 1973]. The approach presented by Clyde Kluckhohn's [Kluckhohn; 1949] involves the definition of culture including the way of thinking and living, system of behavior, believes, history, learning and environmental (nature and society) adjusting techniques. He also mentions the importance of transmission of these values through generations. Nineteenth-century British anthropologist Walter Taylor systematized methods and concepts proposed previously by scientists and obtained a general model of culture. The fundamental assumption was that culture is a result of human activity. He emphasized the role of mentality and thoughts which are more important than physical objects and observable behavior [Taylor; 1948]. The schema below presents this model.
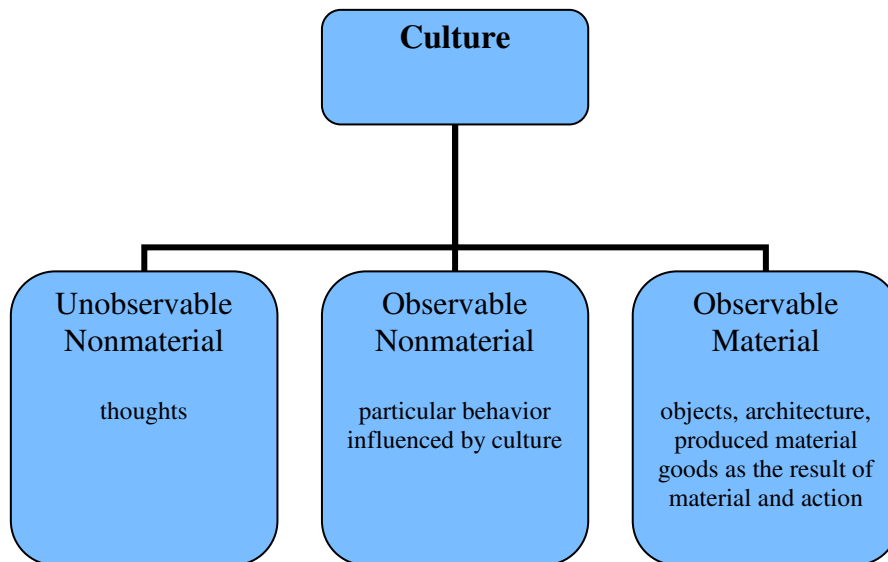
Figure 1 Conjunctive archeology model by Taylor

The most important concept resulting from this definition is that material achievements of culture are only its trace, not the culture itself [Taylor; 1948]. These goods constitute culture only in connection with human activity i.e. reasons why people invented them and the way they created and used them.

Edward Tylor proposed his own definition of culture. He redefined it emphasizing the role of human activities in composing culture. It is also worth noticing that this definition is restricted to humans and concerns human culture. He strongly identified culture with civilization claiming that its components are rules, laws, knowledge, beliefs and art [Tylor; 1874]. Tylor's view currently lies in backgrounds of modern understanding of culture. It paved the way for future researches and initiated anthropologists' theoretical studies on the components creating culture.

To explain properly the variety of definitions I will use the classification presented by Alfred Kroeber and Clyde Kluckhohn [Kroeber, Kluckhohn; 1952]. They studied numerous descriptions and grouped them into subcategories. A short overview of the classification is presented in table below.

Table 1 Categorized definitions of culture by Alfred Kroeber and Clyde Kluckhohn [Kroeber, Kluckhohn; 1952]

Topical:	Culture consists of consumption goods and tools, ideas, believes and religion, rules and habits, social organization and economy. A good example of this category is Edward Tylor's definition, which identifies culture with civilization.

Historical:	This category includes definitions based on the concept that tradition is the mechanism of transmission of cultural heritage. Culture is a social achievement, heritage, effect of previous generation's activeness passed on to future ones.
Normative:	Norms, rules, models, patterns, values, and ideals are emphasized as directing human behavior. A kind of definition suggested by Kroeber and Parson: culture is values and contents, ideas and symbols influencing human behavior.
Functional:	Human adaptation to environment, the way they survive and live in a society is the fundamental factor deciding about a culture.
Mental:	These definitions are based on the psychological mechanisms of creating culture. It concerns learning, creating rules, norms and habits but also the influence of culture on individuals. This is what distinguishes people from animals.
Structural:	The stress is put on the structure of the culture which consists of patterned elements, symbols and behaviors linked together.
Symbolic:	Definition stresses that culture is based on symbols which are arbitrarily given and cultivated by society.

In the view of this I will not even try to discuss and create any new definition. The basic information important to understand the work is the general description of the idea and the range of the field of the research. In general definition of culture includes all material (art) and nonmaterial (intellectual, symbolical, pattern of thinking and behaving, language) achievements of human beings. It is most often identified with civilization and society, however the idea goes beyond times when these structures came into being. It is also connected with concepts of philosophy, nationality and social class [Godlewski, Kolankiewicz, Mencel, Pęczak; 2005]. Culture is what we learn but also people enrich culture by their own contribution. It includes repeatable behaviors, templates and patterns. It is featured by time and space. It develops and changes through the years. Culture can be treated as an independent system. Its crucial element is community and interaction, as there is no culture of an individual [Godlewski, Kolankiewicz, Mencel, Pęczak; 2005]. It has to be shared and passed to next generations. It is associated with human being, however anthropologists

suggest wider definitions including animals, especially other primates. The figure below illustrates cultural contents.
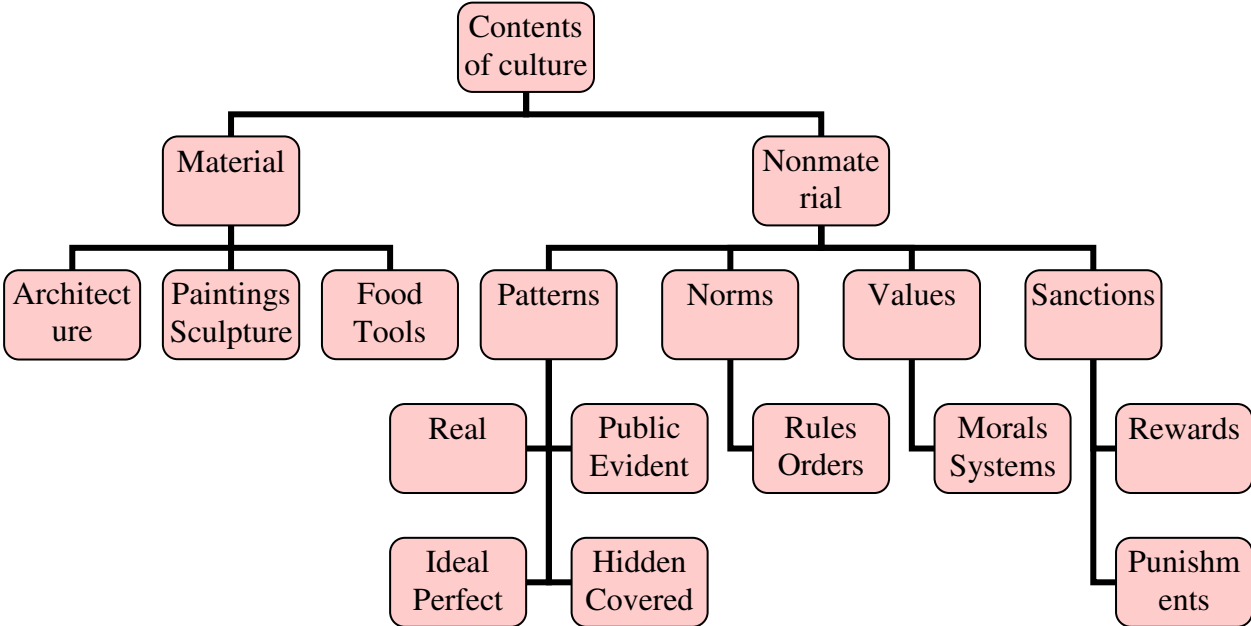
Figure 2 Contents of culture [Siewierski]

2.2   How to define "cultural goods"

"Culture is everything. Culture is the way we dress, the way we carry our heads, the way we walk, the way we tie our ties -- it is not only the fact of writing books or building houses."

Aime Cesair

Through the years many definitions of culture were proposed. They are different and what is more some even contradictory. Scientists and philosophers usually constructed definitions referring to a particular approach or taking into consideration only a few aspects. As it is impossible to present one, strict definition of culture, it is even more impossible to strictly define the concept of cultural goods [ENC; 1991]. This term has various interpretations usually depending on the used definition of culture.

Hence, if the concept of culture includes all material and non-material heritage, the corresponding definition of cultural goods would consist also of both elements: physical products and behaviors. Understanding of the formulation depends on the context in which it is used. As Diana Crane argues only both production and consumption contexts allows for a full understanding of the concept [Crane; 1992]. So that, when talking about art gallery, it is obvious that the term "cultural goods" would refer to paintings, whereas when used in the context of believes, it would mean ideas, thoughts and philosophy. Another definition adds

the statement that cultural goods are those goods which, independently of their market value, are to embody or convey cultural expressions [UNESCO; Paris 2005].

Basically we can assume that this phenomenon includes material goods, like works of arts, and nonmaterial goods, like ideas and patterns of behavior. Some of them are mobile like paintings and other non-mobile like historical places. A cultural good does not necessarily have to be ancient, as contemporary achievements may also constitute "culture". The clue is that it has to be important to the heritage and cultural development due to historical or artistic value. Recently, thanks to cultural industry and cultural institutions, the idea of cultural goods widened. Considered goods have creative content, however this is only a necessary, not a sufficient condition. The most important feature of them is their symbolic value connected with uniqueness. As there is no other product that can substitute it, this is also a reason why it is so difficult to measure the value of such goods[1].

When talking about cultural goods we usually think about historical places, architectural works, monuments or museum and library collections. However, also contemporary products like cuisines, brand products, music or movies characteristic for a country are a part of it. An example of cultural goods can be the place of battle, castle, monument, sculpture, painting, opera, books but also film, music, photography, fashion and products of mass culture. It is not only a painting of Vincent Wilhelm van Gogh or Pablo Picasso, The Eiffel Tower, Big Ben and Vatican, but also "The Lion King", Queen's "We are the champions", little black dress by Channel or even Coca Cola.

From an economic point of view such goods can be treated to some extent like other public or private goods. Public goods are those goods, which are non-rival and non-excludable. It means that there is no legal way that provider can exclude others from using it, however individual's consumption does not preclude others the possibility of its consumption so that it can be consumed by many without any problem. However, also this definition is not strict. Table below presents popular classification of goods for private, public, common and club ones. According to the definition public goods can consist only of pure public goods or can include three groups: public, common and club. Assuming the second definition this category can be fulfilled by such cultural goods as old (ancient) theaters, battle fields or cages with wall-paintings.

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[1] More information in section 5.1.3

Table 2 Types of goods

	Executable	Non-executable
Rival	*Private goods*	*Common goods*
	food	water
	clothing	fishes
	computers	environment
	cars	
	home equipment	
Non-rival	*Club goods*	*Public goods*
	cinemas	police
	theaters	army
	clubs	free-to-air TV
	private schools	air

Cultural goods may be also classified as private goods. According to the definition, private goods are these goods, which can be consumed only by their purchasers which want to pay for them from their own budget. It implies that they are executable from consumption. Simply those, who did not pay are excluded and can not consume. Further, one individual's consumption prevents others from doing it at the same time. Typical examples of cultural private goods are private collections of paintings, antic furniture, traditional toys and tools. In the frame of this definition regional cuisines and fashion can fit, however they are usually excluded from definition of cultural goods as those only referring to culture[2]. The table below presents examples of cultural goods according to types of good's classification.

Table 3 Cultural goods classification according to types of goods

	Executable	Non-executable
Rival	*Private goods*	*Common goods*
	antic copy of a book	
	private collections of paintings	
	antic furniture	
	traditional toys and tools	
	old vehicles	
	cuisines*, fashion*	
Non-rival	*Club goods*	*Public goods*
	theater	field of battle
	opera	free-entry museum
		monument
		movie, song

* usually excluded from core cultural goods' lists

[2] Explained in following paragraphs

There is some demand for cultural goods, which is related to their consumption. Objectified cultural capital in the form of cultural goods in case it is owned then can be sold as well. Trade of such goods may bring economic profit. The purchase/sell price depends on the value that individuals are willing to pay. Non-economic benefits include such values as pride and identity. We can classify cultural goods according to their marketability. As argued before some of them can be treated like normal private goods. Hence, they can be market goods as well. Antique shops, auction houses, bookshops, media stores and regional bazaars are places where some cultural goods are traded. Those goods, which are in wide definition public goods, can also play a role on the market. They can be tourists' objects of interest, so that, visiting and watching (consuming) such goods may be charged. Public goods like Big Ben, The London's Bridge, The Eiffel Tower, Versailles, Louvre or The Schönbrunn Palace can not be bought, but to "consume" those, one has to buy a ticket. It classifies such objects as tourist industry products and the same push them on the market. Of course, there are also cultural goods, which can not be traded in any way. These are usually pure public goods, as they are non-executable and non-rival from the definition. There would not be any reason to pay for such goods, so the trade has no sense in this case.

It is almost impossible to provide one strict distinction between different types of cultural goods. There are also good arguments for the inclusion or exclusion of some products from the cultural goods definition. All that can be proposed is a description of core products and pointing out those, which are only related to culture, however do not constitute part of it. Related items are those like e.g. equipment (guitar, TV receiver) or goods which are only to some extent cultural e.g. architectural plans, advertising materials [Grasstek].

The definition of cultural goods may be very cleverly manipulated depending on the aim of classification. For the purpose of this work it is reasonable to pay attention to its usefulness in the international trade. Tradable cultural goods may be described as "those goods and services that are intended to produce or distribute material that entertains or provokes thought, principally through the fields of music, literature, drama, comedy, documentary, dance, painting, photography, and sculpture. Some of these genres can be presented either as live performances (e.g., a concert or a play) or in recorded form (e.g., a compact disk or a radio broadcast)." [Grasstek; p. 9-10] These goods may be offered both free or by a charge. Van Grasstek mentioned also institutions which "house and distribute cultural goods and services" [Grasstek; p. 10]. They can be non-profit public institutions like museums or working as a kind of investment, e.g. commercial TV stations or private art galleries. He allows also other kinds of activities. What features this kind of goods is that they

are "entertaining and/or thought-provoking, such as politics, religion, the physical and social sciences, education and training, advertising, and tourism." [Grasstek; p. 10] However van Grasstek excludes widely understood food and clothes from the definition. He claims that, however they may include some features of cultural goods and decide about traditional cuisines or local fashion, they should be categorized differently. He argues that they are somehow important for the culture, but do not decide about it. The problematic issues pointed out were games and sports, which can be classified both as cultural and non-cultural goods.

Much wider classification based strongly on the degree of cultural content presents UNESCO. It enlarges the definition by van Grasstek by such elements as videogames used with a television receiver, newspapers and other printed materials. This classification pays also a bigger attention to old (over 100 years) assets like antiques and archives. Similarly the list does not include fashion and food, however, in contrast to Grasstek's definition, it obeys also art in the form of live performances. It seems to account only material products. Table 4 shows the list of core cultural products in Harmonized System (HS) and Standard International Trade Classification (SITC) [UNESCO; Montreal 2005]. It includes a full list of contents, which describe the category of a good which is supposed to be classified as a cultural one. It has to be emphasized that schema does not give any guidelines how to classify goods which were not listed.

Table 4 List of codes used for cultural goods in Harmonized System (HS) and Standard International Trade Classification, Revision 3 (SITC REV. 3) UNESCO [UNESCO; Montreal 2005]

CORE CULTURAL PRODUCTS				
FCS category	**SITC 3**	**SITC 3 label**	**HS 9**	**HS 96 label**
0. Cultural heritage				
	8965*	Collections and collectors' pieces of zoological, botanical, mineralogical, anatomical, historical, archaeological, paleontological, ethnographic or numismatic interest	970	Collections and collectors pieces
Antiques	8966	Antiques of an age exceeding 100 years	970	Antiques of an age exceeding 100 years
1. Printed matter	892	Printed matter	49	Printed books, newspapers, pictures and other product, etc.
Books	89215	Books, brochures and similar printed matter, in sheets	490	Printed reading books, brochures, leaflets, etc.
	89216	Dictionaries and encyclopedias, not in single sheets		

	89219	Other books, brochures and similar, printed matter, excluding sheets		
	89212	Children's picture, drawing or coloring books	490	Children's picture, drawing or coloring books
Newspapers and periodicals	8922	Newspapers, journals and periodicals		
Other printed matter	89285	Music, printed or in manuscript, whether or not bound or illustrated	490	Music, printed or in manuscript, whether or not bound or illustrated
	89213	Maps and charts in book form	490	Maps and hydrographic or similar charts, including atlases, wall maps
	89214	Maps and hydrographic or similar charts of all kinds (including wall maps, topographical plans and globes), printed, not in book form		
	8924	Postcards, personal greeting, message or announcement cards, and transfers (decalcomanias), printed by any process	490	Postcards, printed or illustrated; printed greeting cards
	89284	Calendars of any kind, printed (including calendar blocks)	491	Calendars of any kind, printed, including calendar blocks
	89287	Pictures, designs and photographs	49119	Pictures, designs and photographs
	8964	Postage or revenue stamps, stamp-postmarks, first-day covers, postal stationery (stamped paper) and the like, used, or if unused not of current or new issue in the country to which they are destined	970	Used postage/revenue stamps and the like/unused not of current/new issue
2 & 3 Music and the performing arts				
Recorded media	89871	Gramophone records	852410	Gramophone records
	89879*	Recorded media, n.e.s.	852432	Discs for laser reading systems for reproducing sound only
	89861	Magnetic tape recorded of a width not >4mm	852451	Magnetic tape recorded (excl. 852440) of a width not >4mm
	89865	Magnetic tape recorded of a width not 4mm<x<6.5 mm	852452	Magnetic tape recorded (excl.

				852440) of a width not 4mm<x<6.5 mm
	89867	Magnetic tape recorded of a width >6.5 mm	852453	Magnetic tape recorded (excl. 852440) of a width >6.5 mm
	89879*	Recorded media, n.e.s.	852499	Other recorded media for sound

4. Visual arts

Paintings	8961	Paintings, drawings and pastels, executed entirely by hand, other than drawings of heading 892.82 and other than hand-painted or hand-decorated manufactured	9701	Paintings, drawings, pastels, collages, etc. (hand-made)
Other Visual arts	8962	Original engravings, prints and lithographs	9702	Original engravings, prints
	8963	Original sculptures and statuary, in any material	9703	Original sculptures and statuary, in any material
	89399*	Articles of plastics, n.e.s.	392640	Statuettes and other ornamental articles
	63549*	Wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery, and similar articles; statuettes and other ornaments; wooden articles of furniture not falling within division 82	442010	Statuettes and other ornaments, of wood
	6662	Statuettes and other ornamental ceramic articles	6913	Statuettes and other ornamental ceramic articles
	69782*	Statuettes and other ornaments, of base metal; photograph, picture or similar frames, of base metal; mirrors of base metal	830621 830629	Statuettes and other ornaments, of base metal plated with precious metal Other statuettes and other ornaments, of base metal
	89911*	Worked ivory, bone, tortoiseshell, horn, antlers, coral, mother-of-pearl and other animal carving material, and articles of these materials	830629	Worked ivory, bone, tortoiseshell, horn, antlers, coral, mother-of-pearl and other animal carving material, and articles of these materials (including articles obtained by moulding)

5 & 6. Audio and Audiovisual media

5. Cinema and photography

Photograp	8826*	Photographic plates and film,	370590	Photographic plates

hy		exposed and developed, other than cinematographic film		and film, exposed and developed, other than cinematographic film, other than for offset reproduction and microfilms
Cinema	883	Cinematograph films, exposed and developed	3706	Cinematograph film, exposed and developed without incorporated sound track
New media	89431	Videogames used with a television receiver	950410	Videogames used with a television receiver

: Some goods of this category are not cultural. Only the cultural goods need to be considered.
n.e.s. = Not elsewhere specified

Van Grasstek following Hugill [Hugill; 1993] introduced taxonomy of cultural trade [Grasstek]. He distinguished software from hardware goods. Software goods are those, which embody artistic creativity. These are cultural contents itself. They take a form of written word, paintings, music, dance and drama [Grasstek]. Hardware goods are defined as "tools of the trade" which allow creating, storing and distributing cultural goods [Grasstek]. The category of software goods overlaps with definitions of core goods by UNESCO. Goods, which are only partially cultural or only related to culture are classified as hardware goods.

Grasstek argues that the trade in software goods is relatively free. Tariffs, if exist, are rather low. The opposite holds for hardware goods, where tariffs are quite popular, however these goods do not create controversies. Grasstek mentions also that the important issue assigned to trade of software goods is the protection of intellectual property rights.

Table 5 A Taxonomy of Cultural Trade by Grasstek

Category	Contents	Trade
Software Goods	Books Paintings Statuary Audio/Video recordings	Relatively free Low tariff barriers Protection of intellectual property rights
Hardware Goods	"Tools of the trade" Recording equipment (recorders, tapes) Broadcast equipment (TV, radio) Paper, paint, musical instruments Printing presses Unrecorded media	Popular tariffs

EUROPA, the portal of the European institutions provides classification similar to UNESCO's one. Basic ideas and categories seem to cover the same range of goods, however Council Regulation includes a more precise list[3]. It presents also some valuation of goods.

"Convention concerning the protection of the world cultural and natural heritage" signed in Paris 1974 added to the international law concepts of "cultural heritage" and "natural heritage". It defined "cultural heritage" similarly to proposed conceptions of "cultural good", however referred rather to historical objects. Classification included mostly monuments, architecture, sculpture, paintings and places deciding about our history, art and science like cages with wall-paintings. It can be easily noticed, that such a definition of cultural goods is not sufficient for the use of international trade.

3 Globalization and liberalization in international trade

"We can wear Chinese clothes, drive Czech cars, watch Japanese TVs, cook Spanish tomatoes and Norwegian salmons in German pots. As for the culture, it is befitted to have my own." [Sapkowski; 2005]

Andrzej Sapkowski

Free and costless trade, easy communication and transport allow new trends to spread very fast all over the world. Whatever happens on the one hemisphere of the globe is immediately commented on the second one. Modern mass media, in particular the internet, allow spreading information very quickly. Also people were given a powerful tool into their hands. Social networks, chats, internet communicators facilitate virtual contacts with friends all over the world. Fast, comfortable and relatively easy and cheap transport, university research programs, student exchanges and international companies' cooperation complement these virtual contacts. Social interactions were always present in the culture, however thanks to these means they became easier or even possible to a wide range of people, which resulted in increased amount of connections and mixing cultures. Cultures which have something to offer start to dominate. Of great importance is the size of a country. The bigger a cultural region is, the more people can become "mediums" of spreading cultural goods, which conducts domination. As research by Rauch [Rauch, Trindade; 2005] shows the better communication between countries works, the bigger the larger country's cultural market share is.

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[3] See Appendix A

Mixing is a natural process. It is claimed, that those cultures, which are isolated or have different preferences have a chance to preserve their "niche" cultural goods [Rauch, Trindade; 2005]. To understand this process, we should look more carefully at the nature, which gives pure examples. Australia is known for its unique species both in fauna and flora. There are species which do not exist anywhere else on the planet. Many animals, only with differentiation on types, we can meet on most continents, if only they have proper conditions to live there. Such migration allowed mixing among species, which resulted in generating new ones. This has not happened in Australia, where many species survived in their original, unique form. They are characterized by features and natural "solutions" which cannot be observed outside the continent. Isolation allowed surviving the "niche". Research by Bala [Bala; 2004] raises the issue of cultural goods in international trade with the use of analogy to Darwin's theory of biological evolution. Let's assume that two species (goods) try to survive in the separated area. The one for which living conditions are more favorable is supposed to expand as a natural process of selection. Similarly with cultural goods, those which are admired, would expand and push out weaker ones from the market. In the long run it will occur that preferences of species adjust to availability of needed resources. Similarly works the "life" of culture. And a similar question appears. Should we allow mixing and new forms coming into existence, or protect old ones?

Once, ideas needed time to approach even neighboring region. Fashion lasted years, not like now, seasons. Nowadays, producers of new cultural goods immediately get inspirations and multiply tested and accepted trends, which appeared in previously produced goods in other cultures. Many popular products have niche roots in other cultures, however only the final product is widely known. Sometimes customers are not even aware of goods origin. Thanks to famous brand labels and marketing such solutions can conquer world markets and be widely appreciated. Music is the domain which gains a lot from roots. Also art gets inspiration from other cultures and unknown, old or forgotten trends. Artists look for unique elements in different cultures to make own works more rich and original. If there is nothing inspiring in current approaches, they reach for new solutions into roots mixing and combining different styles. This is and was a natural way how such goods come into being. Thanks to it the culture which has much to offer has its chance to survive and develop. Ideas can spread on various regions and may encourage further development. Apart from acceptance and adaptation, the only limitation now is availability of resources. Regions used to specialize in products made of easily available resources [Bala; 2004]. It is quite obvious that if there is a plenty of easily accessible material, it becomes cheap, so that the production

does not cost much. Further, it stimulates innovative use of such endowments. As a result a region owning a big amount of such an endowment becomes a leader specializing in production of goods made from it. Other countries are usually unable to compete. Good examples of this phenomenon can be coastal countries, which usually specialize in ship industry.

However, also market laws strongly influence or even rule the production. All this contributes to the domination of one, popular cultural style. Recently, it can be noticed that Anglo-American culture spreads all over the world and dominates regional ones. Scientists claim that this dominance in cultural goods can be partially explained by home market effect and network externalities in cultural goods consumption [Rauch, Trindade; 2005] [Helpman, Krugman; 1985]. According to the phenomenon of increasing consumption benefits from enlarging the circle of particular good purchasers, we can observe a kind of fashion for Anglo-American products which occurred in other countries. Individuals feel noble, fashionable, up-to-date when consuming such products. The more popular they become, the more willing are downstream purchasers to buy products and the more gain those, who already have them. In addition, increased communication between countries influences positively the process of spreading cultural goods and enlarging the share of the market of the larger country.

3.1   Influence of trade liberalization and globalization on culture

Trade liberalization has various effects on trading countries. Opening borders can bring both positive and negative effects. In general, growth of a country's aggregate output can improve individuals' situation. From an economic point of view globalization and trade liberalization are a positive phenomenon. As a result of international specialization, physical output increases, which entails growth in consumption. Moreover, free trade, according to Ricardian model evaluation by Janeba [Janeba; 2006], under some particular conditions can be (weakly) Pareto superior relative to autarky[4]. These aspects suggest that opening borders can bring improvements of individuals' situation [Janeba; 2006].

However except benefits from trade liberalization and globalization there are also losses. Depending on initial conditions concerning the size of economy, consumption patterns and individual choices, opening borders can bring output growth but also cause some negative reactions of the economy. However, what counts, is not only welfare understood in monetary

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[4] Further explanation in section 3.3

terms. Consumption externalities are a very important aspect when discussing benefits of international trade. Liberalization changes not only relative product prices, but also consumption patterns which can negatively influence traditional industry. Home goods stand in competition with foreign goods and usually popular global mass products win this clash. An increase in the consumption of goods of Western origins like McDonald's hamburgers, pop music and Hollywood movies, has a negative effect on home products [Janeba; 2006]. Locally produced goods become unfashionable, are pushed out of the market and replaced by popular mass products. Benefits obtained from an old pattern of consumption can decrease. Traditionally self-made goods and national lifestyle disappear, as consumers fascinated with new fads turn to foreign patterns. Curiosity and the will to become more "international" conduce adaptation of new trends. Traditional cuisines are replaced by new flavors. Teenagers listen to new music bands. Parents name their children according to Western trends [Disdier, Head, Mayer; 2006]. Yet unknown cultural trends spread in society.

Free and liberal trade may result in the long run in a decrease of cultural diversity and a loss of cultural identity. This phenomenon is especially dangerous for smaller countries opening their borders for the trade with a larger one, which has different preference pattern. According to Bala [Bala; 2004], larger country inhabitants' preferences can take over those of individuals from smaller country. It means that in the long run in the situation of free trade between economies with a big difference in scale, distribution of preferences in a smaller country will be identical to the larger country's autarkic pattern [Bala; 2004] which leads to a disappearing cultural identity in the smaller country.

Reasons of these changes are various. One of them is conformity featuring the society [Bala; 2004]. Consumers usually turn to new products. It is not only the matter of prices but also curiosity and benefits that such a change may bring. The easier individuals get convinced to consume foreign products and the faster they turn to them, the more possibility to adopt foreign consumption patterns. Moreover, relative cheapness of goods will encourage more purchases. It concerns also the issue of imitative products, which are usually less expensive and provide similar benefits as the original ones. However, such an evolution of preferences may result in weakening or even loosing cultural identity.

3.2 Methods of protection and their effects

Trends to create one integrated world trading system ruled by unified norms are commonly noticeable. However, cultural diversity is one of the barriers which also do not

make it easy [Suranovic, Winthrop; 2005]. It is argued, that in general opening borders brings profits, however it brings cultural losses too. It implies that preserving national diversity in case of the trade liberalization allows gaining only in national culture terms. Organizations protecting environment (fauna and flora) and human rights stay in contrary to expanders. On the one hand, the aim of such actions is to protect goods against human devastation. On the other hand, governments deliberately use such arguments in their political battles to justify their reluctance to liberalize trade [Suranovic, Winthrop; 2005].

Apprehension of weakening or losing cultural identity is a reason why many smaller countries in order to preserve their culture by protection of domestic cultural goods production, introduce special policies regulating trade and production. There are various methods used by governments. Some countries exclude certain cultural goods from trade agreements. However, as Rauch showed [Rauch, Trindade; 2005], import restrictions are not as efficient as supposed to keep a certain level of domestic output. Instead of this, Rauch recommends to use production subsidies "directed towards traditional production" to support new cultural goods retaining traditional character [Rauch, Trindade; 2005; p. 32]. On the other hand, such programs are financed from taxes and it occurs, that small country individuals are those, who pay so that all other countries could gain. The issue of sharing costs and building fair agreements is open and depends on contractors. Moreover, Francois and Ypersele [Francois, Ypersels; 2002] claim that if the domestic production is viable, then the protection tariff can be Pareto improving. Others try to cope with the problem by using imitations. Producing imitative products can increase national production, however it is not always a good solution, as usually such products lack in quality. In a short run it can be noticed that utility increases, however in the long run it occurs that the quality decreases and the culture gets into stagnation [Rauch, Trindade; 2005]. In some countries governments introduce restrictions for Medias concerning the minimum level of national programs which have to be presented, e.g. in Canadian radio and television [Bala; 2004]. Such a solution is supposed to work, however if it is not beneficial to spread a national product, e.g. songs in radio because they are less popular, directors may always find a way out. In Polish radio we can notice that the greatest hits are presented in a day time. The rest of national music fulfills night auditions so that the percentage of national music restriction can be kept.

However, as a study by Rauch shows that the "protection of domestic cultural goods production may do little to preserve cultural diversity because it primarily stimulates production of cultural goods that imitate those of the larger country in order to share in their consumption network externalities" [Rauch, Trindade; 2005; p. 31]. Protecting domestic

cultural goods production may be seen as a kind of human disturbance and interference with a natural process. In the long run such actions may result in unfavorable effects. Cultural goods are an integral part of the culture, however comprehension of this phenomenon should be wider. Such products can be also treated as normal public or private goods[5] and though face the effect of consumption network externalities. It can not be avoided that people live in societies and are prone to conformism. Individuals are more comfortable when consuming products which are used by others too [Rauch, Trindade; 2005]. Native inhabitants of India seem to accept Western trends of fashion, however they still keep traditional cloth. Producers responded to the demand for Western fashion, however also took into consideration individual habits. They combine an old style with a new one, so that even newly produced clothes include traditional accents like long men's tunics. Also fashion designers are aware of this phenomenon, so that they often prepare additional lines of collections for regional markets. What is the most interesting in the study of fashion as a cultural good is that clothes were the most popular products to substitute [Rauch, Trindade; 2005] and it occurred that not a Western product itself conquered the world, but something less physical and more fragile – Western style. It proves the correctness of Rauch [Rauch, Trindade; 2005] statement that in the long run protection leads to the imitation of dominant culture products rather than to cultural diversity preservation.

3.3   If, when and why open borders?

Cultural goods' trade is a source of many conflicts. Except being a trace of heritage it can also bring huge profits. In the face of globalization cultural goods became market products. They can be sold and bought. They also play an important role in a tourist industry bringing benefits. Furthermore, opening market may not only bring benefits from export but also reduce production costs.

Trade used to be divided into national markets, however globalization caused that we face the phenomenon of single marketplace, where like in a jungle only somehow in general comprehension the best or the most popular products may survive and succeed. According to UNESCO Universal Declaration on Cultural Diversity cultural goods are supposed to play the role of "vectors of identity" [Janeba; 2006]. Consumption of such goods brings then special benefits, however excluding them from consumption may cause serious losses. Hence, it put a new light on the trade issues. Taking into consideration the role of culture and cultural goods

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[5] More information in section 2.2

in the context of trade liberalization decisions concerning this sensitive issue should be made very carefully.

To consider the problem whether situation is better under autarky[6] or free trade, we should look closer at the results of studies in this field. So that let's look closer at Janeba's research [Janeba; 2006]. He proposed an extension of Ricardian model of international trade. This two-country and two-goods model in usual version aims in explaining the difference in comparative advantage between countries. Two trading countries are featured by the same factors except technology, which is claimed to cause mentioned difference. They try to fully specialize in their own production. Usually it is assumed that labor is the only factor present in production. The model is based on the general equilibrium framework, which implies that both markets are featured by a perfect competition [Economywatch; 2010].

Janeba extended the model so that it could properly capture the idea of cultural goods. To model them in a three-good and two-country Ricardian model of international trade he introduced consumption externalities as two domestic networks [Janeba; 2006]. These externalities result from the assumption that people are not indifferent in others choices. His studies concerned trade between countries with such assumptions as constant returns to scale, perfect competition and symmetric country size.

The first important result from his work was that, if in the presented trade model unique equilibrium exists and consumption externalities appear trade is not Pareto inferior to autarky. It is a significant result as in a standard model free trade is always (weakly) Pareto superior relative to autarky, which results from a specialization. Janeba's result means that expected losses due to inflow of foreign products may make some worse off but also improve other's situation. It covers not only network externalities. Changes in consumption pattern may go for better. Specialization will increase efficiency. What is more, if countries under free trade are homogenous, there is no place for competition and differences in consumption patterns. Then if there is also no price competition, under these assumptions, free trade can be Pareto superior to autarky, however, not always. It is when countries under free trade display diverse consumption patterns. Country, which is homogenous[7] under autarky, losses when opening borders to the one, which is efficient in other goods production. Its economy can move then from a "superior and homogenous equilibrium under autarky to the worse homogenous equilibrium under free trade" [Janeba; 2006; p. 4]. In this situation all

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[6] Autarky means being self-sufficient. It is a feature of country/group of countries which try to satisfy all economic needs like production and consumption by itself.

[7] Network monopoly [Janeba; 2006]

individuals lose. If the trade partner country is homogenous in the same good before and after opening borders trade may be even Pareto inferior to autarky. When trade partner is indifferent between free trade and autarky, he is not interested in new consumption patterns. It implies that he does not enlarge own import and then home country export. If home country consumers are interested in purchasing trade partner's goods, they enlarge his export benefits, but their own export does not bring profits.

Another approach comes from an evaluation of alternative to Ricardian model's Heckscher-Ohlin theory. This general equilibrium model suggests that countries should specialize in the production and export of the good, which is made of endowments easily acquirable in this country. Import should be dominated by those goods, which do not require many endowments which are lack in a country. Model assumes that there is free trade and perfect competition in both countries and the flow of labor and capital is also free between sectors. Preferences and technology are the same, but one country is abundant in labor and the other in capital (labor-intensive and capital-intensive commodities) [Economywatch; 2010].

It seems to be obvious that the exported good production factor gains after trade liberalization, whereas imported one loses. The situation is contrary for consumer's side. Individuals, who consume imported good, gain as opening borders eases acquiring the good. Those consuming exported good lose then. In brief, if the consumption pattern changes in favor to imported goods, lose those, who consumed exported goods [Janeba; 2006].

To sum up, decision whether and when open borders depends strongly on the situation in both home country and trade partner's one. Issues that strongly matter are consumption patterns and individuals preferences. As far as it is possible to assess current patterns and situation, it is more difficult to predict consumers' reactions on opening borders. That is why such a decision should be a reasonable made step took after wide range of forecasts.

4 Why should we protect cultural goods (or maybe we do not have to)?

„We live in the age in which culture threatens to die by means of culture."
Friedrich Nietzsche

Human being is claimed to be the only specie that was able to create a culture. However man alone could not make a culture. A community is a crucial factor to form it. People have to hand down their own experience to the next generation. It implies that culture

is not homogenous. It is differentiated according to time and place. People in diversified society groups created not only different works of art but especially different norms and systems of values. That is why we can talk about different cultures.

Countries try to protect cultural goods in many different ways[8]. Those who are to take care about them are not only owners but also local and general governments. There are made statutes and codexes that oblige citizens to protect national cultural goods. The destruction caused by the Second World War showed the world the need for taking complex actions to protect cultural property. It was the cause to organize one of the most important of Hague Conventions which took place on 14th of May 1954. It concerned dealing with cultural goods during the armed conflict. Another document of international law aiming in protection of cultural goods was signed on 16th of November 1972 in Paris. It is called "Convention concerning the protection of the world cultural and natural heritage"[9]. Also special services and organizations were set up to execute and supply written laws e.g. the work of organizations like UNESCO is inestimable for the culture.

Cultural goods protection is not only important from the historical point of view, but also as a learning and scientific tool. People learn from history and culture. They cultivate traditions which allow expressing themselves. Music, dance, fashion, body art and art in general allowed tribes to differ among each other. Language, law, traditional craft, rituals and religion allowed describing dissimilarities. These elements are inherent parts of a culture. Since the 15th century when Portuguese ships approached Africa coast the era of conquerors and colonization has begun. This situation concerns also other parts of the Globe like America and Asia. Europeans forced the thesis that civilization is a feature assigned to a technology. In the view of such a statement primitive tribes were found uncivilized, so that deprived culture in conquerors meaning. Their culture did not represent any value for eager to profit invaders. The immediate consequence of such an approach was destruction of primitive cultures. "Converting" primitive tribes has been lasting for ages and lasts till now. Well prepared expeditions learned barbarians "new" and usually not understood religion, forgetting to respect their sanctities and prohibiting cultivating their own rituals. There had not been any writing or technology and religion was strictly associated with nature, so that former and contemporary conquerors assumed that there was no culture. It had not any meaning and little value. That is why they felt like liberators bringing the light to primitive nations. In fact, they unnecessarily interfered and caused the destruction of these unique cultures. How much evil

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[8] See section 3.2
[9] Definition of cultural goods according to this Convention in section 2.2

they brought is hard to measure. Nowadays, people are more aware of the value that such cultures have, however maybe because of the lack of predictive skills or simply ignorance and limitations they still try "to carry the light". It is sad, but this model of conquering behavior was cultivated for centuries. This is how cultures in the old Europe developed, conquering, dominating and destroying weaker ones. Greece was a powerful culture spreading its influences all over the region. Then Rome conquered a huge part of the continent. Battles and fights between Arabs, Turks (especially Tatars) and European nations became an inherent part of the history. With a technology development these clashes moved to different parts of the world. Primitive cultures in Africa and America had less chance in the battle against more developed European civilizations. Even Asia, which was characterized by a rich, strong and original culture, was unable to defend itself. But what was brought by such an approach? Usually temporary monetary benefits for conquerors, but that what was destroyed can not be explained in terms of money. It is rather a wish to expect that such an approach would change. Dominant individuals always conquered weaker ones and it is rather impossible to change. This is a natural process of evolution. The only way out is to care about awareness and protect uniqueness. There should be a counterweight to conquerors. Such a role plays UNESCO[10] which establishes classes of natural and cultural treasures. It supplies international law to deal with the problem of cultural goods protection[11], searches for, examines, classifies[12] and protects monuments.

Culture is not only books and museums but also intangible heritage like oral and living traditions. Creating collections and exhibitions is only an action that masks real problems. Museums can present exhibits brought from different parts of the world and in this way make it available to be seen by many people. But it is just a small piece of the culture. The essence is hidden far away from the museum building. It is only a substitute of a real history. What is worse, to posses these exhibits a real culture usually suffers from interference and even plundering. Such actions allow acquiring actual and past items, gaining information, understanding and reconstructing culture and history, but to achieve all of these, usually untouched by civilization regions are destroyed. Devastations make much bigger consequences than temporal losses. They disable the foreign culture to develop. It is like a cutting bird's wings. It can keep almost a normal life, but would not fly anywhere else, which is a crucial part of its existence. Others can experience the culture like if it was stopped in a

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[10] United Nations Educational, Scientific and Cultural Organization; Latin *unesco* – to join in a one piece;
[11] As explained at the beginning of this section
[12] See the definition of cultural goods by UNESCO in section 2.2

time on the movie frame, but this culture can not further develop. Without a natural development it will move to the state of stagnation and then begin to disappear.

It is problematic which monuments should be protected and which do not have to. Cultural issues that are morally ambiguous bring even more difficult dilemmas. Rituals like young girl's circumcisions in some African tribes are perceived in different cultures as a negative phenomenon. They mutilate innocent children and usually cause disabilities or even death. All this is made in the name of faith and beliefs. On the other hand, everyone has a human right to live the way he wants. Maybe other cultures, built on different values, are unable to understand fundaments of these treatments. It is a huge dilemma whether to help these peoples or to leave them alone and allow them to live their lives. Maybe such a help in fact would not be a help but unnecessary interruption. We do not understand how much these rituals are worth for them. On the other hand, isn't it only the matter of unawareness? Maybe such a culture became a kind of a jail without any possibility to get out and its prisoners do not know the world behind prison bars. They might not know that the life may look different and follow imposed restrictions. Maybe they have no way out? However, living proofs of people who escaped and told others their tragic story, show that such procedures should be prohibited. Maybe they are just waiting for a help? It is a very delicate issue and in my opinion it is better not to force anything. It would be reasonable to give a chance and possibility of choice rather than to force ideas. We can assume that all actions applied to unable to make conscious decisions individuals which cause a loss of their health or permanent mutilates bringing health problems should be forbidden. All the other rituals should live their life and allow the natural process of evolution to manage them. However, there appears again the problem of natural dominance of stronger units. Without any protection many cultural goods would disappear. Although, it is a natural process, it is a huge loss for future generations. Maybe that is why such institutions as UNESCO should exist but work like invisible hand which helps, but does not interfere. This also concerns examples of less "monumental" cultural goods like current brand products. Dominant, better adopted products wipe out of the market weaker ones. It is a natural process assigned to existence of every market. Never ending competition stimulates innovativeness, quality level and prices. Uncompetitive products disappear. It is not a problem if it concerns daily use, common goods. In case of cultural goods even unprofitable products are sometimes worth protecting. Sometimes people are unaware of the value of such goods or at least unaware of the loss when lack of them. Consumers choose products better fitting their general preferences, whatever reasons they have. Their decisions may cause degradation of national production, but there is

no reason to blame them. Maybe just national goods can not withstand the competition. However, it does not mean that culture defenders should give up the fight. Their role is to advertise and encourage individuals to consume these goods and make them more attractive for purchasers. It is not a secret that not only quality and utility sells products. It is also a marketing and price. On the other hand, if taken actions do not bring satisfactory results, maybe the cultural goods protection should take less expansive but rather more preservative form i.e. if the mass production of regional cheeses brings losses it would be reasonable to move the manufactory into a small region and begin reduced production. The cheese would be still produced, which would provide keeping the recipe and cultivating regional cuisines. On the other hand, the reduced production would adjust to the lower demand. Moreover, a good managing and marketing would also bring additional profits. It could work similarly as the Veblen's effect. In economics, Veblen goods are commodities for which peoples' preferences for buying increase simultaneously with a direct function of their price, instead of decreasing according to the law of demand. People do buy expensive products just because they are expensive. The matter is not the direct usage of them, but rather a certification of the status e.g. luxury cars are often stated to be desirable due to their price, which generates a certain amount of status. Similarly works Chivas Regal effect. Marketing phenomenon shows that if something costs more, it is more desirable. In this case, the reduced production of the cheese would make it more "niche", so that its consumption would bring a new utility for its users (like certifying some "nobility"). Hence, such a protection would allow preserving cheese grade without risking such a big loss.

To sum up, it is not good to unnecessarily interfere with natural processes, however in some situations non-invasive help is required. When deciding what is worth preserving, first of all, people should keep in mind human rights, treat men's life as the most important value and act ethically.

5 How to recognize which goods are worth protecting

"That is true culture which helps us to work for the social betterment of all."
Henry Ward Beecher

5.1 The value of cultural goods

"We make architecture, architecture makes us."
Winston Churchill

5.1.1 Components value

A cultural good's value is much more than the value of its components. Paints, textile, paper and ink not only in monetary terms are usually much less expensive than the artistic outcome. Dior's dress costs a lot, however the price of material, even a very luxurious one, is much lower than the price of the cloth. The value here is the brand label guaranteeing quality and a feeling of luxury. Many purchase such products mostly in order to belong to the elite circle or to keep the status and this is also the benefit brought by such a good. On the other hand, every new collection of a popular fashion house keeps a piece of information about changing trends and history of fashion creating culture.

What is more, the effort devoted to work does not necessarily reflect the price and value. Labour needed to produce shoes in China in proportionally very cheap comparing to the price of sold Nike rubber-soled sport shoes.

5.1.2 Non-material benefits

How much is then such a pleasure worth? It can be easily compared to the market price of the product, however this is not everything. As such goods carry a piece of culture, the loss being a consequence of their withdrawal from the market would exceed the monetary loss of the brand. Let's mention French traditional cheese. If it was excluded from the market by different kinds of cheese, culture and history carried by its production process and flavor would also disappear. Consumers would have another substitute and they would gain benefits and pleasure from the new type of cheese, but it would not preserve the tradition. For instance, a tourist visiting France would probably try traditional, national cuisines and feel the atmosphere of magnificent Paris's old times. In case there would not be any traditional cheeses, his choice would be dictated by the taste and market price of popular, international products and the need of tasting Paris' atmosphere would not be satisfied.

There is also another aspect of cultural goods' value. Some cultural goods become more beneficial for users when consumed by others [Janeba; 2006]. Wearing fashionable trousers in general gives more satisfaction when others notice it. Moreover, if others do the same, the feeling of belonging to the noble circle or possibility to share opinions and experiences can be an additional profit.

5.1.3 What decides about the value

The biggest benefits that arts and heritage yield are basically not those connected with economy and finances but non-monetary values [Snowball; 2008]. Some of cultural goods are not directly sold and do not have any market price but certainly give people some utility. Values brought by such goods are pleasure and satisfying esthetical needs being a subset of self-actualization category in the Maslow's hierarchy of needs [Maslow; 1943]. This hierarchy occurs in the theory of psychology and represents dependencies between human needs. It grades needs in order of those crucial to live (resulting from vital functions) to those of higher level, which are activated only when more basic are satisfied. In the sequence of needs (physiological-safety-belonging-esteem-self actualization) cultural goods in general satisfy the last category (with the lowest priority).

A welfare, artistic and social value, scientific meaning, importance for future generations, national pride and community identity are difficult to measure, however they basically determine the benefits gained from cultural goods consumption. Indeed, expressing values of cultural goods in monetary terms is not always possible. Sometimes, as Klamer [Klamer; 2004] argue, it is even not desired, because it can subject them and devaluate. Market valuation, pricing, measuring may put cultural goods at the same level as any other commercial commodity and then influence its worth and further valuation [Klamer; 2004]. It can simply change its value, usually decrease it. Taking all these under consideration, this is obvious that the value of cultural goods can be specified only by both consumers' and experts' perception.

Approximating, something is worth as much as one's is willing to spend on it. This value is different for different people. It also depends on the time, as water is worth much more during the drought than when it is raining. Such issues should be taken into consideration when choosing a moment of the survey, so that the current temporal fashion or events would not influence the value. On the other hand, it also constitutes the value. Value is not a constant magnitude and may change, so that it is important to be aware of this.

5.2 Measuring methods review

"Culture is an instrument wielded by professors to manufacture professors, who when their turn comes will manufacture professors." [Weil, Eliot, Wills; 1949]

Simone Weil

There are some complicated measures, indexes and questionnaires which allow for classification of goods and their cultural value. Such an examination is connected with employing specialists from various domains of science to determine the value of particular goods. Such estimates are made by experts, who are to decide about uniqueness or timelessness of relics. They concern mainly big issues and national heritage. Unfortunately, this is not enough as cultural goods are not only in a form of antiques, but also contemporary goods. Conducting in-depth examination of every single product being a cultural good would be at least too expensive. That is why other, easier and more available method is needed. It would be too expensive and, indeed, impossible to apply groups of experts to value every little piece of cultural goods. Another issue is that society should be able to decide about the shape of their culture as it is a crucial factor deciding about it[13]. Moreover, the opinion of a society can be different or even contrary to the scientific approach. On the other hand, it is doubtful whether public has a sufficient education to properly estimate some non-use values.

The need of expressing a majority opinion when deciding about cultural goods' value is obvious. The only issue of concern which remains is the tool to measure it. It is important that the instrument cannot be too complicated and has to be understandable for average persons. Probably the most popular tool expressing preferences and value is money. Advantages of this instrument are its availability, popularity and general comprehension. In our daily life we are forced to use this estimator to value material and non-material products and that is why it seems to be an acceptable tool to describe the value of culture. On the other hand, we have arguments about devaluation of value by Klamer [Klamer; 2004][14] and we have to be aware of that there are values which are unable to be expressed in monetary terms. However, monetary measure still can be useful in estimating cultural goods values. It does not necessarily express its market value but is rather a kind of comprehensive grading indicating a public opinion [Snowball; 2008]. People have diversified incomes and wealth. They treat money with a different care, in particular, they assign different values to the same goods, so that it is even more difficult to use it as a simple mirror of preferences. That is why it is important to construct a measure, which calculates the value personally expressed in monetary terms into the real value which the good has for a person.

Contemporary economics' attainments give many opportunities to measure the value of externalities provided by cultural goods. In general the set of methods can be divided into two groups: stated and revealed preference techniques. Further each category has its subsets,

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[13] See section 2.1
[14] See section 5.1.3

which extend basic properties to specialize in different good's cases. Presented RP methods include travel cost analysis and hedonic regression. Willingness to pay (WTP) and conjoint analysis (referred as choice experiments) are a part of contingent valuation (CV) or SP methods. However, the term CV is usually used in the context of WTP, whereas SP often means choice experiments [Snowball; 2008]. There are also many other stated preference methods used, not only in economics, to examine and measure preferences and values e.g. functional measurement (used often in psychological studies) [Hofmans; 2010] or trade-off analysis (forecasting, strategies) [Johnson; 1974]. However, only those most significant for cultural goods issue are presented.

These techniques are used to value various features depending on commodity characteristics and utilization. The more developed method is, the more it is adjusted to a specific type of research, however many of them include useful hints and interesting approaches. In the following sections I present these methods and ideas which support the research on valuating cultural goods. Most of them have been used for a valuation of cultural goods with a bigger or smaller success. To obtain the best possible solution it is crucial to look deeper into a few methods in order to see their weak and strong sides, mechanisms of work and then draw conclusions. Therefore in the following sections the most significant ideas and the most interesting approaches are presented.

5.2.1 The theory of preferences and utility

Human being is a complicated thinking-mechanism. When talking about an individual in economic context it can not be ignored that each person is different and usually far different from a statistical model. Considering individuals' choices or valuation systems we should eliminate all externalities, so that obtaining a pure, statistical result could be possible. All individual features influence people's behavior. That is why economics should take an advice from sociological and psychological sciences. Akerlof and Kranton [Akerlof, Kranton; 2000] point out that identity is a factor which has a significant impact on human behavior. The way individual comprehends himself may change the way of his thinking and understanding. But what is an identity? We can assume that it is a set of social differences featuring a person. Akerlof and Kranton argue that "identity is associated with different social categories" which implies behavior scheme [Akerlof, Kranton; 2000; p. 715]. They point out a relation between identity and interactions which influence economic outcomes. Their study revealed that person's sense of self significantly changes conclusions of previous economic analyzes and allow to explain issues that other methods were unable to do so.

In many cases identity explains taken actions and decisions as people usually choose behaviors bringing them the best possible profit and a feeling of comfort. What is the most important "identity reveals a new way that preferences can be changed" which gives an open gate for a manipulation (marketing, advertising) [Akerlof, Kranton; 2000; p. 717].

Theories connected with utility play an important role in economics. Utility is defined as a kind of measure of the value of goods. It is based on the hypothesis that customers' preferences can be approximated by purchased in a fixed amount goods and services. In this sense utility is usually assumed to be quantifiable, which allows to treat it mathematically [Stigler; 1950]. Hence, it is possible to build arithmetical relations describing utility. What is more, utility functions are usually featured by a continuity and differentiability, which makes easier their further evaluation.

An important feature of utility is that a particular commodity may exhibit different marginal utility (MU) for different people. It results from diversified individual preferences [Davenport; 1913]. What is more, every unit of the same good may yield a different utility, i.e. eating one chocolate gives a lot of pleasure, but eating every next is less fun than the previous until we approach the point that any more sweets are not enjoyable.

To explain the idea of the theory it is useful to recall an interesting paradox of value. It is called water and diamonds paradox and reveals differences in prices relating to quantity. Let's turn back in time then to Aristoteles's Greece, when such a question was asked: "why the water, which is crucial to live, is cheap, whereas diamonds, that man can live without them, are expensive?" Apparent contradiction set in a question is a result of not enough developed economic analysis and not differencing the value of use and the value of exchange. The economist Adam Smith is often considered to be the classic presenter of this paradox but Mikołaj Kopernik, John Locke, John Law and others had previously tried to explain the disparity too. However, only Austrian school works at the end of 19th century allowed explaining apparent contradiction.

The phenomenon can be explained by that not the quality of a product in general determines its value but the marginal utility gained from a fixed quantity. In this approach price is equal to the exchangeable value, which is not the same as the value of use. According to the decreasing marginal utility law consuming every next unit of the good reflects the lower value of use for a consumer. The price (value of exchange) sets at the level of value of use of the last consumed unit. However, consumer gets utility from each unit, so the sum of utilities obtained from all units' consumption will be much bigger than the utility of the last consumed unit. That is why, in situation when there is a lot of water, the sum of utilities of many units of

water consumption is much bigger than the value of the last consumed unit. It is the opposite with diamonds. They are rare, so the value of use of the first unit will be much bigger than the marginal utility of water, but simultaneously lower than the sum of utilities got from consuming many units of water. Adam Smith referring to the labour theory of value presented a solution to this paradox, which was based on the statement that what determines the value in exchange is labour. He claimed that the price of the desired good is the effort required to acquire it [Smith; 1776]. Such an approach depreciates relationship between price and utility and points the interest to the relation between price and labour.

When talking about utility of cultural goods we also have to be very careful, as it is mostly based on deeper feelings and not on their physical usefulness[15]. The utility revealed by cultural goods is mostly in a form of relative pleasure, satisfaction which facility brings or national pride and community identity[16]. In the Maslow's pyramid of needs [Maslow; 1943] it satisfies not the basic level, physiological needs like eating or drinking, but those with the lowest priority like the need of harmony and beauty (esthetical needs)[17]. Their physical usefulness plays rather supporting role, as it is usually not their most important feature.

5.2.2   Value according to labour theory of value (LTV)

The main idea of LTV is that the value of the good depends on the labor, which was needed to produce it. Thanks to this theory we have conceptions of value "in use" and "in exchange". The first one expresses its utility and the second - its price in monetary terms. According to Smith [Smith; 1776] these two types of value do not have to coincide. Some commodities can have a great value in use, whereas little or even none at all in exchange and the opposite.

This theory can hardy explain the value of cultural goods. As it was mentioned before, the material and labour needed to produce such a commodity is weakly related to its price and value. So that fundamental assumptions of the theory fail in this case. The issue of utility value of cultural goods was presented in a previous section. As for the case of "in exchange" concept of value, it is barely possible to use it for cultural goods. Most of such goods do not have market value at all, as they are not for sale. Cultural goods which are private goods can act almost like normal market commodities. However, only the usable side of them can be treated as a market asset, as their main essence includes non-monetary values.

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[15] See section 5.1.3
[16] See section 5.1.3
[17] See section 5.1.3

5.2.3 Willingness to pay (WTP) and willingness to accept (WTA)

As mentioned in previous sections, cultural goods value consists mostly of non-monetary values. WTP and WTA methods are those popular techniques which allow explaining non-use values in monetary terms. They are supposed to give satisfactory results in estimating passive use values and are appreciated especially in issues connected with medicine, ecology and recently genetics.

With the use of specific survey questions, which create hypothetical scenarios, people express their valuation of the feature [King, Mazzotta; 2010]. The basic idea is connected with that how much people are willing to pay (WTP) for a good or what compensation they would accept (WTA) in case of the lack of the good. WTP expresses the maximum amount that an individual is willing to pay for a good. It reflects gains, so that can be treated as a measure of benefit. In reverse, WTA is supposed to be a measure of cost. It shows the minimum that an individual is WTA as a compensation of a loss.

There are numerous models in economics that allow estimating willingness to pay (WTP)/willingness to accept (WTA). The general idea is based on the comparison of utility terms. It is important how much the quantity of consumed public goods changes when income rises/falls. To explain that issue let's assume that utility depends on income, price and quantity of public/private goods. Utility can be explained as the function of these factors.

$U = f(w, p, q_u, q_i)$ [Snowball; 2008]   (1)

where:

U – utility;

w – income;

p – prices;

q_u – quantity of public goods;

q_i – quantity of private goods;

To obtain WTP or WTA values it is necessary to compare the change in utilities in different moments of time caused by the increase of the public good's amount. If the change is positive (measurement of benefit) then it is equal WTP, in other case it describes WTA (measurement of cost).

$\Delta U > 0 \rightarrow \Delta U = WTP$ (2)

$\Delta U < 0 \rightarrow \Delta U = WTA$ (3)

where:

U_0 - initial utility

U_1 - later utility caused by the increase in the public good's supply ($q_u \uparrow$) [Snowball; 2008]

$$U_0 \neq U_1 \tag{4}$$

$$\Delta U = U_1 - U_0 \tag{5}$$

This technique gives good results in estimating non-use values. It can approximate not only the monetary value of a site but also amount of money that people are willing to spend to consume it (see, visit, identify with), facilitate the access to the asset, preserve, refrain from destruction and how much they would lose if the facility was inaccessible.

It was used in valuation of a wide variety of cultural goods like art and historical sites. Australian studies by Thompson, Throsby and Withers (1983) and research by Morrison and West (1986) in Ontario on the issue of protection and subsidizing arts revealed that majority of society does benefits from cultural goods. Aspects like a national pride, heritage for future generations and education were the most often emphasized. Contrary results concerned the issue of funds. Inhabitants of Australia were willing to pay to preserve art more than it was set in the moment of survey, whereas Ontarians were not interested in any kind of support.

One of the recent studies on valuation of cultural goods with the use of WTP methods was conducted by Kim [Kim, Wong, Cho; 2007]. He tried to estimate how much the Changdeok Palace was worth. This is a World Cultural Heritage site in Korea which as many such sites in developing countries lack of funds for preservation [Snowball; 2008]. Visitors of this historical site were informed about its value for a history, art and culture. Then they were to reveal their willingness to pay for the entrance. The money from selling tickets was said to be deigned for further researches, preservation and improvements in tourist services. The study showed that the current price of tickets was 2.5 times less than tourists were willing to pay.

Other studies, which prove good results of this method, are value estimation of the Royal Theatre in Copenhagen by Bille Hanson [Snowball; 2008], Snowball's studies of two South African arts festivals [Snowball; 2005], researches about the Rivoli castle in Italy [Scarpa, Sirchia, Bravi; 1998], the historic sanctuary in Peru Machu Picchu [Mourato, Ozdemiroglu, Hett, Atkinson; 2004], the British Museum [Maddison, Foster; 2003] and many more concerning other heritage, libraries and TV programs [Snowball; 2008].

These methods clearly systematize and valuate usually very fuzzy non-use features. The mathematical conception allows assigning particular numerical values to non-monetary assets which facilitate comparing various factors, even if they are mutually independent. The

significant drawback is that this method has a sense only in a situation when the market works properly. Otherwise, individuals' valuations would not be relevant.

All the critics of this method concerns the way surveys are conducted. It emphasizes psychological aspects like that people may not be able to imagine the situation, predict effects and then reasonably set the monetary value to a particular feature[18]. Also different valuation systems may bring contradictory results.

5.2.4 Revealed preference method

This method was introduced by Paul Samuelson [Hausman; 2000] [Varian, 2005]. It is a demand based theory [Varian, 1992]. Data used in this method mainly concerns market information on current prices and spending [Varian, 2005].

The assumption, which is fundamental for this theory is that consumers' preferences can be obtained by observing and concluding from their real purchasing behavior. It examines the relation between individual's choices and prices incorporating quality. On this base the value of goods can be estimated. The strict definition of revealed preferences can be explained as Varian proposed [Varian, 2005]:

p_t – prices

x_t – chosen bundles

(p_t, x_t) – vector of prices and chosen bundles

$t \in \{1, \dots , T\}$

x_t is directly revealed (R_D) preferred to a bundle x if $p_t x_t \geq p_t x$ (6)

xt is revealed (R) preferred to x if there is some sequence r, s, t, . . . , u, v   (7)

such that $p_r x_r \geq p_r x_s$, $p_s x_s \geq p_s x_t$, … , $p_u x_u \geq p_u x$

the relation R is the transitive closure of the relation RD

Two axioms underlie the revealed preference method, Weak (WARP) and Strong axiom of Revealed Preferences (SARP). WARP explains individual's choice behavior and SARP is its extension.

Weak Axiom of Revealed Preference states that if we have two goods and one is preferred to other, it is not possible to say that the other good is also preferred to the first one e.g. we have Windows operating system and Linux and an individual chooses Linux. It means that at the same time he does not prefer the Microsoft product more than the system from the

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[18] More information in section 5.2.5.1

UNIX family. To explain Samuelson's idea in a mathematical way it is good to refer to the definition by Varian [Varian, 2005]:

$$p_t x_t \geq p_t x_s \Rightarrow p_t x_s < p_t x_t \qquad (8)$$

Strong Axiom of Revealed Preference (SARP) introduced by Houthakker contains an extension of the relation from "direct" to "indirect" revealed preference method[19]. It introduces a necessary and sufficient condition which provides an observed choices' consistency with the utility maximization [Varian, 2005]. It states that if Linux is revealed preferred to Windows, Windows can not be revealed preferred to Linux then. In the language of mathematics we have [Varian, 2005]:

$$x_t \, R \, x_s \Rightarrow p_s x_s < p_s x_t \qquad (9)$$

The strong side of this technique is not relying on controversial utility functions, which are fundamental for other theories of demand. Utility functions themselves are at least difficult to create and not necessarily work well. Thanks to the revealed preference method it is possible to construct a set of indifference curves on the base of observed behavior. It omits building such uncertain mathematical formulas and tries to define a kind of utility relations on the basis of the consumer's behavior.

This technique does not work well for estimating value of cultural goods. The first problem is that such goods are usually not market goods, so that it is impossible to approximate preferences on base of observations of purchasing behavior. The second problem is that even if examined cultural goods are market products, they would work as normal private goods. The comparison of normal private goods with other private but revealing cultural features would result in depreciation of these second's value. Cultural goods would be then reduced to the level of common consumption products. Even comparison between two cultural private goods would have depreciating character, as it would value mostly their use-value. Below two of the most popular methods and their results in cultural goods valuation are presented.

5.2.5 Travel cost analysis method (TCM, Clawson method)

This technique is based on the WTP calculation. It is most often used to value recreational features of the site [Iamtrakul, Teknomo, Hokao; 2005] [Mundy, McLean; 1998]. By the use of direct surveys, it examines people's behavior in order to obtain the value which respondents assign to the facility. Questionnaires involve not only questions about pure travel

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[19] Currently it is simply called "revealed preference"

costs but also spending on tickets, food and accommodation. Respondents are split into groups depending on the travel distance to the examined good. The most interesting features are travel cost and time/distance, which people are willing to accept in order to visit a monument [Iamtrakul, Teknomo, Hokao; 2005]. They reflect the value that people place on the good, which is measured usually on the basis of respondents' visit ratio proportionally to travel cost and distance. Regression of this rate on travel costs reveals the level of respondents' interest about the monument. The cost plays here a role of WTP instrument.

The method, however belongs to the RP methods bundle, meets the challenge of capturing non-market values. But there are also some weak sides typical for RP methods. Critics of this method concern mostly disadvantages as those mentioned for RP techniques. Hence, TCM allows estimating use values only. Also here it is controversial if respondents' opinions are reliable as the way people value figures can differ, which may bring problems with comparing such values. However, no matter whether because of its strength or weakness of alternative methods, it is still one of the most important and widely used tools for estimating non-market values of goods.

Travel cost methods become more popular. They are increasingly used in cultural economics. Studies like valuation of the city of St. Mary's, which is supposed to be the most important historical site in the USA [Poor, Smith; 2004] or a research concerning 108 Dutch museums [Boter, Rouwendal, Wedel; 2005] only prove good results of the method. However, the fact that it measures only use-values brings some controversies at the point of its usefulness for cultural economics. In case of cultural goods not only users might have an interest and pay to preserve it. It is connected with the type of benefits which are brought by such kind of goods i.e. national pride and community identity[20]. This drawback strongly limits the reliability of the method. Moreover, the fundamental assumption that an individual overcomes the distance and bears the costs to visit the cultural site narrows the set of types of cultural goods, which's value can be estimated with the use of this method. Hence, this technique can work only with such facilities as historical sites and buildings, museums and galleries or other type of totally or in some extent stationary resources.

5.2.6 Hedonic demand theory (hedonic regression)

The hypothesis behind this technique is that the value of the good is connected with its utility and product price describes its characteristics [Rosen; 1974]. In more details, the

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[20] See section 5.1.3

technique concerns households' migration between geographical areas. According to this theory, the chosen region is a resultant of quality of life in chosen place and housing prices [Ready, Berger, Blomquist; 1997]. In other words, it shows how much consumers are willing to pay (or WTA) in case of higher (lower) housing prices to live in the place in neighborhood of cultural facilities. The technique involves a common regression. Prices of differentiated products are observed and regressed on their features. Thanks to such an approach values of selected characteristics can be obtained.

Critics state that such a valuation includes less information than it is supposed to. It does not explain also the meaning of estimated prices. It was also proved that cultural facilities are not the most important determinants influencing decisions to settle in a particular place [Snowball; 2008]. Moreover, similarly to the travel cost method, despite hedonic pricing allows capturing non-market values, it can not estimate passive-use ones [Snowball; 2008]. As it was mentioned previously, this is not enough in case of cultural goods. This method is proved not to be useful in cultural goods valuation so that it is also not very popular in this branch of studies [Snowball; 2008]. Instead of this, it is successfully applied in consumer price index CPI value estimation [Liegey; 2003].

5.2.7 Stated preferences

In general this type of valuation methods relies on direct respondents' statements on themselves. It involves surveys on hypothetical scenarios. This is a contrary technique to a price-based revealed preference model as it uses clear statements instead of drawing conclusions from human choice behavior. It involves mainly choice experiments.

The advantage of this technique is that it gives a wide range of possibilities to model hypothetical products and scenarios. It allows preventing a collinearity problem, which appears when working with data obtained as a real price of real products. If a product is fictitious, consumer just can not reveal hidden preferences. That is why obtained results show true utilities of features.

On the other hand, using this type of methods we have to be aware that individuals choices (consciously or unconsciously) do not have to overlap with their true commitments. Consumers can expect themselves to behave in one way, and in a real situation their behavior can be inconsistent. Stated preference methods are usually identified with their subset – a contingent valuation technique and that is why a further discussion on this issue was set in the following section.

5.2.8 Contingent valuation method (CV)

This utility-based method belongs to the set of stated preference models. It is one of the most popular economic techniques used to estimate the value of non-market features. It also remains the only technique to measure non-use values [Snowball; 2008]. However, it works for both use and non-use values. Thanks to these features CV is highly appreciated in cultural economics.

The use of this method involves creating some hypothetical scenarios in order to build the survey context. Respondents are asked to make direct statements on the good's value [Snowball; 2008]. Such an approach, however being fundamental for the method, is a source of controversies. The strong side of the method is that there is no place for guesses. There is a strict answer, simple valuating and numbers. This method can work brilliantly, as it gives a real overview on the situation. Limiting number of "agents" and its directness in obtaining the opinion decreases the deviation from a proper result and constraints the error value of the obtained preferences.

On the other hand, people do not necessarily behave as they are supposed to. The weak point of this method is a human being himself. Fundamental for this technique is the hypothesis that people can predict their choices and behave as they think they would. Psychology and sociology sciences put a doubt on the reliability of people's judges revealed by them. In hypothetical situations they can expect themselves to the special behavior scheme, but in reality, their decisions and steps might differ a lot from their expectations.

Even assuming that a respondent truly predicts his behavior in a hypothetical situation, there is still the question if he can properly value the good. People have a daily practice in choosing market goods. That is why their purchasing decisions can reflect their will. Usually in case of cultural goods, they lack such a practice, so that they may not have an adequate basis to state a true value [King, Mazzotta; 2010]. In addition, a judgment depends on individuals' hobbies, preferences, system of values and knowledge. It is impossible to omit this problem in case of a survey research, however we have to be aware of such bias existence.

Another point of controversies is even not the matter of disability to predict the behavior but misunderstanding. Results obtained from the CV method can be biased, as respondents may understand the question in a different from intended way [King, Mazzotta; 2010]. So that the answer would state another WTP value, i.e. it can refer to the hypothetical scenario rather than to the examined good. Such an answer may mean that a person is WTP for a general issue or idea and not necessarily for an exact resource. Oppositely, it can reveal

consumer objections for conditions involved by scenario, instead of being WTP for a good. That is why it is so important for surveys to create neutral scenarios and use neutral means of preserving cultural goods, so that they would not influence answers. If estimation of the value differs depending on scenarios, it means that the research does not yield the information that it was supposed to. Moreover, in environmental economics, we can observe an interesting psychological behavior called "embedding effect". Individuals asked first to price a single policy and then the whole asset may reveal similar pricing, which is confusing [Carson, Flores, Hanemann; 1998].

Another problem, strictly connected with survey itself, is "ordering problem". It occurs that people tend to reveal dependency of valuating according to the assets place on the list of commodities. That is why it is so important to carefully prepare surveys.

Using the term of money, which is usually well known by people is a good idea, as it leaves not many possibilities for misunderstandings. However, it is crucial to explain to respondents finance issues in a proper way. For instance, the target use of money or the way of its acquisition can cause failures in survey answers. Another advantage of this concept is that it can be compared to the income which allows obtaining proportional results. It also gives an opportunity to use mathematics in a wide range of actions.

It is important to mention, that in 1993 CV method was widely examined by a group of experts from the National Oceanic and Atmospheric Administration (NOAA) [Arrow; 1993]. Results showed that CVM is a useful tool, however it is a crucial point to properly design surveys in order to get reliable outcomes, which could help to overcome mentioned difficulties with obtaining reliable values. It was also recommended to use it rather to measure WTP instead of WTA.

CVM is a flexible and quite easy to analyze method of valuation. The truth is that it is quite expensive and time consuming. It is also difficult to validate estimates. However, leaving aside the details and controversies it still remains the main tool to estimate non-market values and to acquire information about common person's preferences.

5.2.9 Conjoint analysis (choice experiments)

This is a multivariate statistical technique. It examines a joint effect of separate good's components on consumers. It usually involves surveys, in which respondents are asked to make trade-offs by e.g. ranking features of the subject [Kanetkar]. It indirectly reveals their preferences. In order to obtain more accurate results, participants can be divided into groups, according to their value system, views, etc. Through the answers analysis (usually some

regressions) it is possible to obtain information about relative importance of examined features.

A weak point of this technique is that a number of examined features is restricted. The more general survey is, the more accurate results it is supposed to give. In such case overvaluation of emotional factor is reduced. However, respondents can compare only strongly limited number of features. Considering multiple attributes becomes too complicated and respondents can just simplify their judgments. It would give randomized results. Moreover, they can be unable to express their opinions about issues that they have never considered [Kanetkar]. However, it is a typical drawback of all stated preference methods.

This method is used to examine the acceptance of new products or features rather than to value the good, however it was presented as it includes interesting ideas that can be used to proxy cultural goods.

5.2.10 Summary of methods

Studies showed that the best results in cultural good's valuation are given by stated preference methods, especially the CV technique, which is additionally very often identified with SP. The method allows estimating both non-market and non-use values, which is essential when talking about types of cultural heritage. It is used to estimate the value of a wide variety of those cultural goods which perform as public goods. Unlike the CV another SP method, the conjoint analysis, is not used in cultural goods value estimation. Its features better work in other types of goods.

Revealed preference methods should be used carefully to value cultural goods. The problem is a marketability which public assets usually lack. The only successfully used RP method in this case is travel cost technique. It allows measuring how much worth are non-market goods, however only users can reveal their preferences. Similar performance presents another RP method, the hedonic regression, however it is usually applied in other types of studies.

It occurs that the WTP/WTA method gives a wide range of possibilities to be used in modeling measure tools of cultural goods value. In connection with CV it gives satisfactory results. In previous sections it was also explained that LTV theory does not apply at all to cultural goods valuation.

Table 6 Summary of usefulness of valuation methods in cultural economics

Methods	Usefulness for cultural goods estimation	Non-market values	Non-use values	The type of cultural goods
WTP, WTA	Very good	Yes	Yes	Art in general, paintings
Stated preferences	Very good	Yes	Yes	Monuments, castles, sanctuaries, cathedrals, historical sites, archeological sites
CV	Very good	Yes	Yes	Arts festivals, TV programs, dramas
				Theatres, operas
				Museums, galleries, libraries
Conjoint analysis	Not used	-	-	Product features
				Acceptance of new products
				Not used
Revealed preferences	Carefully	Depends on definition	No	Marketable products
				Ancient toys, furniture, Persian carpets
				Audio-visual tapes with cultural content
				Tourist sites
Travel cost	Limited	Yes	No	Stationary resources
				Historical sites, cities
				Monuments, architecture heritage
				Theatres, operas
				Museums, galleries
Hedonic regression	Not used	Yes	No	Not used
Labour theory of value	Not used	-	-	Not used

6 Cultural goods valuation methodology

6.1 Modeling culture and cultural goods

Usually, economists model culture and cultural goods as a kind of consumption externality. According to Helpman and Krugman [Helpman, Krugman; 1985] trade in such goods is not different from any other consumption network externality good. This is an important statement and it is sure that involved externalities should be captured by models.

It should be also mentioned that the cultural trade has special welfare implications. A consumption of such goods brings benefits which can be associated with social issues[21]. These are usually non-monetary benefits. Moreover, cultural goods are usually non-market goods. That is why techniques modeling them should approximate the monetary value on the base of other factors than price. It is also important that not only direct users of cultural goods gain. Hence, non-use values should be also accounted. That is why a proper model should take all these issues into account and provide methods which allow for measuring non-monetary benefits, solving non-use value problem and provide methodology not based on marketability of the asset.

6.2 Externalities

A consumption is not a simple process. It gathers many aspects and connects various influences. People gain profits not only from simple consuming products. Many benefits are a result of psychological effects like satisfaction which the consumption brings. Moreover, consumers interact with one another which causes that their purchasing decisions may influence both directly and indirectly others.

In general, an externality is an effect associated with widely understood consumption appearing when consumption decision made by a set of consumers influence another set of people, who did not have any decision and whose opinions were not taken into consideration. In brief, particular product consumers receive some utility from other's consumption of the same good [Suranovic, Winthrop; 2005]. Externalities may have both positive and negative sign. To explain further the positive aspect of this phenomenon let's look closer at the example of housing out of the city center. People purchasing a house in an abandoned area have to take into consideration the lack of facilities in a neighborhood. If the living area became more popular, investors made new houses, the number of inhabitants would increase

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[21] See section 5.1.3

and the place would transform into a small town, which is connected with the increase in a number of facilities. The first house owner without performing any action himself would experience increasing benefits only thanks to other purchasers. The popular example showing a negative effect are pollution, which are caused by others, usually plants and cars, and affect those, who had no decision power. In our housing example enlarging a city area would cause an increased traffic and pollution in a previously clean and calm area which brings a negative effect to all inhabitants.

Cultural goods are often performing as public and non-use value goods. That is why their consumption includes externalities. Let's look closer at following examples. If you bought a painting by a not very famous artist and then he would be acclaimed as a genius of the century, you would gain. However, all you did was only a previous prominent purchase. If one of historical sites in your country was supposed to be the eighth wonder of the world, you would be proud. You would benefit, even if you have never seen it. These examples show that cultural goods value can be revealed by many indirect actions. Values like pleasure, pride, nobility and identity ("class", "race") underlie a type of externality. Thanks to a timeless character of cultural goods we can gain more than expected, however it brings more work for economists as when modeling cultural goods they have to take into account problems concerning all kinds of externalities.

6.3 Network externalities

The consumption of some goods or a group of goods brings more gains with the increase of products popularity. The way of consuming does not have to change. The only factor influencing an increase of benefits is the number of consumers of the same or compatible products. The more popular the product is and the more users the service have, the bigger gains purchasers get. A classic example of such a good is telecommunication system. The more people use phones, the bigger is usage of them. If none of your friends has a phone number, you do not need it so much too, as even if you had it, you would not have many possibilities to use it. The more friends of yours have phones, the more likely and widely you can use it. Such an effect is called a network externality. The proposed example concerns a positive effect. The negative one represents the opposite situation i.e. when the benefits are decreasing function of the number of consumers.

In case of cultural goods network externalities would take a form of few middle-size networks instead of many smaller ones or a big one. A single network would bring bigger

benefits, however also less diverse products and then an intense competition. In the face of globalization and countries responses for it, it is rather expected that such a one unified network would not appear, however also small ones have less chances to survive[22].

In a consumption of cultural goods network externalities are a popular phenomenon. It is connected with the fashion which drives demand. Widely understood consumption of cultural goods constitutes a kind of nobility and a high culture. That is why people are even more willing to purchase, visit and generally deal with such products. If the commodity is more accepted and fashionable, the demand for the good increases, so that the network size enlarges. It implies higher benefits, so that also more consumers. It concerns not only private goods like painting collections or sculptures but also historical sites like Louvre or the British Museum. People like to share their interests and experiences. So that the more of them visited a hot tourist attraction, the easier they can share their opinions with others. The more people are interested in Picasso's works, the more interesting conversation about such a purchase would be.

6.4 Proposed model

It is not so easy to obtain a satisfactorily working method to value cultural goods. It is difficult to decide simply on the one particular technique because each one has some weak sides. That is why I propose a hybrid method which combines good sides of a bundle of techniques and cleverly omits their weak sides.

It is definitely sure, that when using revealed preference methods to measure value of cultural goods, estimations may occur irrelevant. In general, revealed preference method is used rather to obtain the value of market goods. It does not work well with non-monetary items. The simple reason is that individuals do not reveal any preferences by purchasing cultural goods especially that usually such features are not for sale. Moreover, their value is mostly hidden in non-material features and this is what interests us the most. That is why it seems to be a good idea to work with stated preference methods to approximate cultural goods value. These techniques are supposed to give satisfactory results. The only drawbacks are some controversies about their nature[23], however this is what I will try to diminish as much as possible.

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[22] Problems brought by globalization were wider explained in section 3.1
[23] See section 5.2.5.1

6.5 Stated preference contingent valuation

According to current researches the best estimation results give CV methods. That is why my proposition is to use this technique to determine willingness to pay.

One of the possibilities for creating survey questions are ranks and ratings. However, such an approach brings a few problems resulting from a human nature. People usually lack in proportional scale in valuating assets. The problem concerns different valuation scales among individuals i.e. 8 in 1-10 scale can reflect a different happiness for different people. Also proportions between grades for individuals may be diverse i.e. an interval between 2 and 4 may be perceived as "smaller" than between 8 and 10. Moreover, respondents may have problems with precise grading of binary sets of "good" or "bad" features. In case their valuation is limited to two grades, they can not be able to differentiate "more/less good" and "more/less bad" things. Also the size of scale can be confusing, as some needs 100 points to grade an asset, whereas others need only 5. On the other hand, the smaller scale, the more information is missing like a difference in value and order of preferences. Assigning numbers to features allows only ordering preferences, not valuing them as ratings do not have a numerical conception in the mathematical (calculative) sense. It is even better to simply order assets, so that it is possible to obtain the information about preferences, however still their proportions are missing. To decrease the negative influence of this method's weak sides scientists should arrange surveys in a form of binary yes/no questions. This method is quite easy and have many applies. It also allows obtaining mathematical proportions of results. Moreover, the easier a question is, the less possibilities for misunderstandings it gives.

Questionnaires should ask individuals how much they are willing to pay to experience the item or how much they would be willing to accept as a compensation of not experiencing it. Taking into consideration that these questions ask apparently about the same issue it can be expected that the results would also be similar. In fact, it occurs that WTA measure significantly exceeds WTP [King, Mazzotta; 2010]. It can be explained by a different valuation of positive and negative variants. Critics, however, use this argument to invalidate the CV approach [King, Mazzotta; 2010]. They claim that such results prove that individuals' responses express what they would like to happen instead of a real value. That is why, in my opinion both negative (WTA) and positive (WTP) approaches should be mentioned in questionnaires.

6.6 WTP + WTA

If we do not know what that price of the asset is, it is a reasonable step to ask for it. Hence, questionnaires should directly ask respondents how much they value the item (WTP).

Questions usually involve such actions like subsidizing the facility in order to keep it open/accessible or to protect it against destruction. Pollicino and Maddison [Pollicino, Maddison; 2001] in their study considered the situation of The Cathedral Church of the Blessed Virgin Mary of Lincoln called Lincoln Cathedral or St. Mary's Cathedral. This lying in province of Cantenbury cathedral is considered to be one of the most beautiful in the whole UK. However, it suffers damage due to air pollution. The survey question in this case concerned the issue of increasing the frequency of cleaning the building from once for 40 years to every decade. Respondents were asked about the size of donations they are willing to allocate for this purpose.

Another approach presents the study by Maddison and Foster [Maddison, Foster; 2003]. They asked about the amount of money visitors of the British Museum would pay due to decrease crowds inside. This is another example of a question revealing how people value the asset, however he weak side of this method is that it took into account only use-values. It did not involve those, who did not visit the museum, as for them there was no difference whether halls were crowded or empty. This mistake was not made by Aabo [Aabo; 2005] who measured the value of public libraries in Norway. His survey considered closing these facilities. A similar study was conducted by Holt [Holt, Elliott; 1999]. The examined facility was St Louis Public Library.

There are many reasons why WTP is appealing [Gafni]. The advantage is that it has theoretical foundations in welfare economics. In addition, it allows comparing assets which are apparently difficult to compare, as they constitute about different issues and values. It is possible because the method simply collects individuals' opinions and their personal, subjective valuations by making tradeoffs between any types of goods. Thanks to it, the technique allows treating assets as simple goods and then comparing them. To obtain a scale of valuation some "control" variables can be truncated between those non-monetary features which are intended to be valuated. Thanks to this operation, a hypothetical scale of non-market assets is interlaced by market products. It allows both, respondents and scientists, better and easier refer to monetary terms. This feature is widely used by a presented method.

Positive and negative events are treated and understood in a different way by people. To purchase a good consumer can pay $X, however the amount of money $Y, that would compensate the lack of the product is different.

$X \neq Y$ (10)

Furthermore, researches reveal that the compensation value is higher (much higher).

$X < Y$ (11)

It has its roots in psychology. Decision whether to spend or not a fixed amount of money on a chosen product is a personal tradeoff made between some goods. A rejection of a commodity from a shopping cart is usually treated not as a terminal decision, but rather postponing. It causes that the amount of money individual is willing to spend on the asset is quite rational. The perspective of loosing something seems to be much worse than a voluntary resignation. Usually it is associated with "taking away", which releases additional negative emotions. In such a situation the compensation value has to cover a monetary cost but also an extra emotional loss. That is why usually WTA is higher than WTP.

These two magnitudes, however similar, decide about totally different issues. Values they present concern distinct categories. That is why, in my opinion, it is not reasonable to depend on only one measure. It would be difficult to decide which one is accurate. Hence, I propose a connection of these two methods. It is even a more reasonable approach when we take into consideration some special issues connected with cultural goods. Studying the problem from the position of loss is especially important in this case, as the main point of a discussion about cultural goods concerns its preservation. The whole problem in international cultural goods trade is that dominant culture products used to displace from the market commodities which are not necessarily worse in a qualitative meaning, but for instance, less popular. It results in disappearing differences between trading countries and further unification of the culture. It may lead to a complete disappear of some national cultural goods. People usually do not realize what benefits cultural goods give them, even if they do not directly consume them. They just do not think about it. If they are asked about the value, they concern only a superficially actual, temporal state. That is why it is important to visualize respondents the problem that if national cultural assets would not be protected or subsidized, they may not be able to stay on the market or may be destroyed. Even if not directly, such a state may influence them and deprive previously gained benefits. Hence, when asking about a value of a good it is crucial to mention widely understood purchasing benefits but also non-use values. Such an approach is possible by complementing WTP questions by WTA ones. Thanks to it, it is possible to capture externalities revealed by non-use values. As it was mentioned previously, such effects are an integral part of cultural goods and play quite an important role in their valuation.

In addition, thanks to the fact that willingness to pay method gives two possibilities of modeling the value, benefits and costs can be measured in the same unit. It strongly decreases the level of difficulty of comparing obtained results. It is especially important in this case, as the combination of both WTP and WTA requires a proper scale and unit for a comparison.

Most studies on "willingness" method recommend using WTP instead of WTA, however there are also opposite votes [Snowball; 2008]. In general, results obtained by WTA are higher than those of WTP. The exact proportion is difficult to state, as different cases give different relations, however it usually comes from 2 to 10 or even more [Snowball; 2008]. For instance, Aabo estimates revealed a five times higher value of WTA than WTP [Snowball; 2008] [Aabo 2005], whereas the Expected Utility Hypothesis suggests a small difference in case of slight income effects [Snowball; 2008]. It is argued that usually i.e. with such features as a competitive market and no transaction costs, income effects are do small. Then WTP equalizes WTA. What is more this value approximates then the average market price of the asset, however some argues that it is not the case [Snowball; 2008].

As it was stated combination of WTP and WTA would be a reasonable solution to measure the value of cultural goods. Some values are revealed by WTP and other by WTA and that is why the general value would be captured only by these two measures. Proportions of these measures, which constitute the whole worth, seem to be a problem. If we assume that the whole value is represented only by these two factors and represents their resultant, we obtain the relation of proportions:

$$v = \beta * WTP + (1- \beta) * WTA \hspace{3cm} (12)$$

where

v - value of examined good

$\beta \in <0, 1>$

and bound values refer to the situation when only one measure is used.

6.7 Method's application

To present how my method would work for cultural goods I will use the data obtained from Aabo research [Aabo 2005]. His study aimed in estimating the total value of the Norwegian public libraries to decide whether form inhabitants' point of view they are worth their price. It should be also mentioned, that this study was the first contingent valuation of public libraries at a national (Norway) level. A special attention was paid to account not only use-value but also non-use value. Aabo applied CV method to obtain both WTP and WTA,

which influenced my choice of this research and data. Results showed that from citizens point of view libraries are worth their price as benefits occurred to be 5 times higher than costs.

Representative samples of 999 interviewed persons (from the population of 4.5 million and approximately 2 million households) were gained from respondents with the minimal age of 15 representing Finnish households. It included not only library users, but also those, who do not need such a service. Surveyed municipalities were chosen randomly with reference to its structure (economic, industrial, demographic) and geography. Survey was conducted by ACNielsen Norway AS, which is a professional opinion company.

The hypothetical scenario involved a discussion on public services' funds reallocation on the local level. Respondents were divided into two halves, one stating WTP and the other WTA. WTP question concerned the maximum inhabitants would pay to let their library work on the current level, whereas WTA the minimum compensation in case of closing it down. In more details, respondents were to imagine such a situation, that their council considered whether

to close down the library "to use the saved budget funds to increase the efforts on other municipality tasks that would benefit their households"

or

"maintaining the library and also other municipality tasks on today's level of activity." [Aabo; 2005; p. 493]

The answer included three options presented in the table below.

Table 7 Formulation of valuation question 1 in one subsample [Aabo; 2005]

No	Which one of the statements 1-3 best expresses your answer?	Frequencies	Percentage
1	I support maintaining the local public library if the alternative is to close down the library and transfer …. NOK[24] in saved budget funds to other municipality tasks that will benefit my household	94	39
2	I support maintaining the local library if the alternative is to close down the library, independent of the amount of saved budget funds that then can be transferred to other municipality tasks that will benefit my and other households	123	51
3	I support closing down the local library if it involves that …. NOK is transferred to other municipality tasks that will benefit my household	8	3
	Missing	16	7

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[24] In the moment of survey 1 € = 8 NOK

Total	241	100
Note: The money amounts varied randomly between 100, 300, 500 and 1,000 NOK		

Inhabitants had to consider if closing down the library and using saved money for other public services would generally bring them benefits. Responses revealed, that 90% [25] of citizens prefer the actual state and an alternative use of funds does not look more beneficial. 3% of inhabitants were opposite.

Aabo estimated public libraries social value expressed in monetary terms. Social value per household was lower bounded by the WTP at the level of 400 NOK, which is "very close to the average annual cost per household" [Aabo; 2005; p. 498]. The upper bound, stated by WTA, was approximately 2000 NOK. Such results indicate that libraries "generate value approximately four times the level of their public funding" [Aabo; 2005; p. 491].

Using obtained WTP and WTA values in NOP currency we can calculate the value of public libraries in Finland.

WTP = 400

WTA = 2000

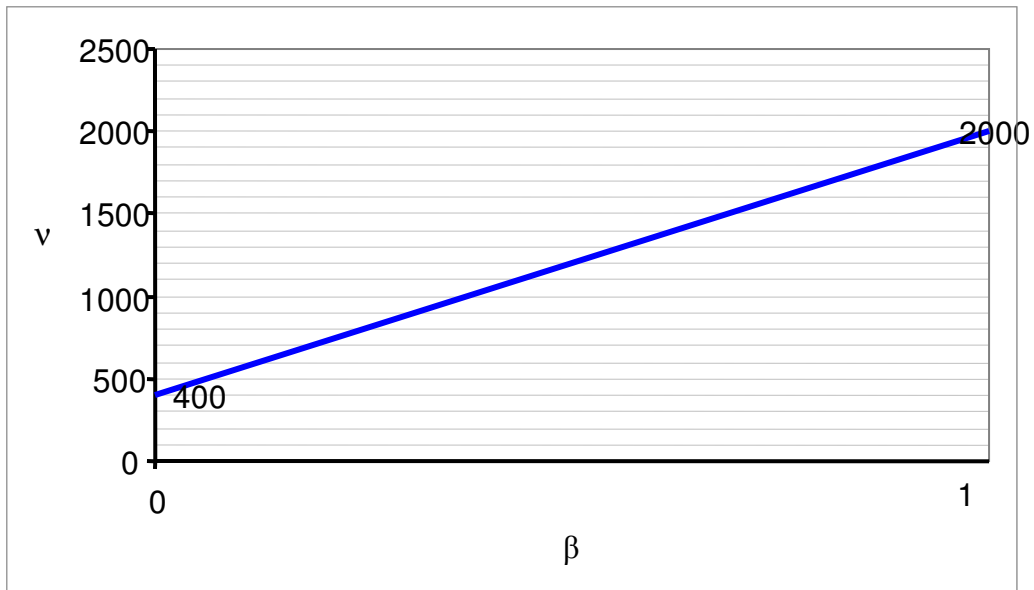$$v = \beta * WTP + (1- \beta) * WTA \qquad (13)$$

$$v = \beta * 400 + (1- \beta) * 2000 \qquad (14)$$

$$v = 400 * (5 - 4*\beta) \qquad (15)$$

From the relation $v = 400 * (5 - 4*\beta) \wedge \beta \in <0, 1>$ we can obtain the function of value, which is pictured below.

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[25] Sum of percentages of WTP questions 1 and 2

Figure 3 The function of the value of the good dependent on factor β

The stated value depends on the type of a good and its features. With respect to its characteristics WTP or WTA factor dominates.

6.8 Scenario

The hypothetical scenario is a crucial matter. It is important, to prepare questions concerning the main issue and alternative one, so that respondents could find the balance between valued assets and easier adapt to imaginary situation. Scenario has to be neutral and can not suggest neither positive nor negative associations like prize or tax. Intended hypothetical trade-offs have to be made possibly independently from the context included in questions. It is important to remove from a valuation all additional costs and fees so that a respondent can value only the asset, not the whole "service". When designing questions providing a proper grading and proportional levels for the rating is important. It is also possible to decompose existing assets into separate features and then evaluate a good as a sum of components' values. Variables used in such analysis are discreet. Hence, further discreet choice analysis is required to obtain the utility function in terms of chosen features. Then WTP function of indirect utility function can be estimated.

Economists use various scenarios in order to provide neutral conditions. Surveys differ from the point of view of the method how information are collected. They can be obtained by a telephone interview like by Snowball [Snowball; 2005] or direct one by Mourato [Mourato, Ozdemiroglu, Hett, Atkinson; 2004], however the second method is supposed to give more reliable results. Also questions may involve some tricks diminishing psychological negative

effects. So that Pollicino and Maddison [Pollicino, Maddison; 2001] used photographs to illustrate various scenarios, which helped respondents to turn up in the situation. They asked in their survey about introducing fees for the already free entrance to the British Museum due to crowd reduction. Photos illustrating different levels of congestion allowed to better assess the situation than numbers of visitors. It is quite a good idea. In my opinion every neutral tool which makes easier the adaptation to the presented hypothetical scenario is needed. However, in this case it is important to provide equal in quality photos. They should present goods in non-valuating way to reflect possibly the most truly the real beauty and state.

Everybody or almost everybody pays taxes. This is the issue close to people and generally understandable. That is why I propose to use a kind of tax to obtain the WTP value. Let's assume that every tax-payer is given the possibility to allocate a part (let's say 10%) of their tax to assets chosen from the list. The possibility of making choice and deciding which facility would be subsidized involves respondent into the problem and makes him "powerful". He has the feeling that his opinion matters. In case he does not care about the issues, he can simply not to allocate his part of a tax and leave it as it worked previously. The respondent do not have to pay any additional tax nor fee. The whole amount of money is distributed from the already paid tax. Such an approach allows decreasing the pejorative associations of the word "tax" and provides neutral conditions. The only change is that some part of individuals' tax goes now not to the government but directly to organizations chosen from the list. A good side of this approach is that respondents do not consider the issue of spending an additional amount of money from their budget on supporting charity. In such case, a low income would discourage them from charity. They only choose the target, where they direct a part of the money, which they actually have to give back to the government. There is also omitted a problem of differences in welfare, as a tax is supposed to be proportional to an income. The money is supposed to help to renovate (monuments, paintings), rebuild (destroyed castles), protect (National Parks) or support (regional food, cloth, carpets production). Assets to choose are mostly cultural goods, however some market products are also included. Comparison of market and non-market goods would allow estimating market value of those second. In a survey also resources needed immediate support can be included. The respondent may choose as many goods as he wants and divide the amount of money according to his own will. This would reveal his preferences, as he would choose only those assets which are meaningful for him. Proportions stated by him would show the relative valuation of assets. If any market products were chosen to support, the survey would allow calculating an approximation of the

monetary value of the rest, non-market features. Estimations of cultural goods' value obtained this way would give a clear statement on the WTP issue.

By far no interesting method to obtain WTA was proposed. Usually surveys directly ask about the compensation amount for a closing or limiting the access to the facility. It may be caused by the less popularity of this approach but also it may be a result of difficulties is stating a neutral WTA question. The research by Aabo [Aabo; 2005] on a valuation of public libraries in Norway involved WTA measure in the form of a tax discount as a compensation for closing the facility. In my opinion, it was not a good idea as the scenario was not neutral. A compensation value was bounded by the level of paid tax. It could have resulted in decreased differentiation of values meaning "much" as such statements would "gather" near the upper bound. It could have given biased results.

The issue of receiving additional money is a problem in general. It is usually connected with some widely understood profits, which could fuzzy the real preferences of greedy respondents. On the other hand, if there is no perfect or close substitute of the compensated good, the valuation would not have any sense as the product could be priceless. Such a situation can be illustrated by the trade-off between health and money. According to study by Amiran and Hagen [Amiran, Hagen; 2003], in such case full compensation for the loss may be impossible, as received money would not allow purchasing equivalent good.

As there is no better method to obtain the compensation value than simple asking about adequate amount of money, I propose using such a straight question. All types of discounts would only introduce unnecessary mess. First of all, results would be dependent on individuals' valuation of the subject of a discount. Further, if respondents were to choose a subsidized asset, then the calibration and additional comparison would be essential.

There is no reasonable way to diminish the effect of "priceless goods". All that can be done is just using this model to value goods, which have at least semi-substitutes.

6.9 Hypothetical bias

It is impossible to omit the problem of hypothetical bias. This is a nature of CV questions and it has to be accepted. Scenarios and criterions are hypothetical and scientists have to take into consideration that individuals' responses are only their own predictions and present their wishes or expectations. As the name suggests they show the "willingness".

However, it is possible to partially reduce this effect. Respondents should be given a few introducing questions examining their ability to imagine some situations rather than

reveal preferences. Such questions would prepare them and move to another level of thought abstraction. It would allow them to think more easily and flexibly in terms of imaginary concepts. More precisely, answers would be still hypothetical, however their randomness would be decreased.

To defeat psychological effects which influence negatively a correctness of researches, questions ought to ask respondent about the numerical value rather than suggest any monetary number. It concerns also an "ordering problem". Setting up single upper and lower bounds would give a clear answer about a value measure. Every additional one, needed to precise the state, would only bring a mess and confusion. Increasing or decreasing the monetary level would change the relation between assets and divert respondent's attention from the main issue. In such situation, respondents would reveal not their true preferences, but tradeoffs influenced by the survey context. That is why in my opinion, binary questions, however good, in proposed method should be abandoned.

To obtain reliable results, it is important to ask about issues that individual cares about. If something is out of respondent's interest, he would be indifferent on its value [Carson, Flores, Meade; 2000]. Another crucial condition pointed out by Carson is providing to respondent the feeling that his answer and action has any influence and may change something. If we know that our effort does not matter, we are not willing to do anything. It is assumed that fulfilling these two conditions allows obtaining reliable, rational results or at least, approximating the bias direction.

6.10 Inequities between individuals

People differ. It concerns individual characteristics, which influence different preferences and opinions. However, such a variety can be swapped out by statistics and uniform distribution of random samples. Differences resulting from inequities of welfares and incomes are another trap. A distribution of expenditures is different in poorer and richer households, i.e. the poorer spend proportionally more money on food. It results from the fact that they have lower incomes and basic needs are the most important to satisfy, so that after necessary expenses, not much leaves for additional needs. For the rich, basic expenses can be satisfied by much bigger amount of money, however it can still be only a small percentage of their income. That is why simple proportions would not fix the problem. Also introducing other hypothetical parameters equalizing incomes would only obscure results by adding the next imaginary factor. That is why it would be a good idea to use taxes as an instrument to

approximate equal conditions. Taxes are constructed so that to influence individual's budget to the same extent. Thanks to such an approach the problem of inequalities would be solved yet on the level of preparing questionnaires.

The drawback of this method is that it assumes that people do not cheat on taxes. Unfortunately, there are some of them who do not pay taxes at all. Others try, as much as possible in legal ways, to "bend" the law. They do not reveal additional incomes, work on a black market or simply cleverly use binding law to obtain discounts, tax allowances and deductions. Even if some of these actions are totally lawful, they do not reveal a real individual's welfare. On the other hand, we can assume, without a big loss, that such a behavior is quite popular so that taxes still give some approximate information about a wealth.

6.11 Fields of use, limitations and critics

Proposed measuring method is supposed to be easy and good, but it is not deprived weak sides. Using CV and WTP/WTA methods provided an effectiveness of proposed technique as these instruments perform well in case of many kinds of goods. Hence, the model can work well with both private and public goods. It allows for a valuation of market goods as well as non-market ones. Moreover, a cleverly constructed survey provides accounting both use and non-use value. Thanks to such an approach so important in case of cultural goods non-material values can be measured. Moreover, combination of two approaches WTP and WTA allows obtaining reliable results.

Fundamental controversy of correctness of the method concerns CV nature. It is not proved that this technique adequately measures willingness to pay for cultural goods. However, this scheme is widely used and performs well.

Besides limitations resulting from involved techniques, this approach takes into consideration only tax payers, as the survey question is based on the amount of the tax. As it was previously mentioned, an idealistic approach assuming no tax scams may be also a weak side.

Another issue, which can be treated as a weak side, is a non-expert approach. The technique examines opinions stated by random, average people. They can be keens on culture as well as total ignorant of such issues. Similarly, they can have a wide knowledge and sensivity to beauty important to properly estimate the value of a particular cultural good, but also they may be unaware of some crucial aspects. If a good was unique but not popular, a judgment of an average person would not state its real value. Hence, such a method of

valuation gives rather an overview on how much a particular cultural good is worth for a society, but does not mirror its true value.

6.12 Future extensions

Proposed method refers to non-expert approach. It reveals the value stated by average people, who are not necessarily aware of all aspect of the value of the examined good. On the one hand, it shows in general how much something is worth for the society, which is quite important, as the society constitutes culture. On the other hand, this approach does not allow for an expert valuation. Such a valuation may point the importance of examined goods which is not noticeable for a society in the moment of the survey, but which could occur in the future. Extending the method in this direction seems to be promising.

Another way of developing the model may be combining it with demand theory methods for private, market goods. Such a step would allow more precisely and probably more truly mirror the true value of the market product, which plays a role of a cultural good.

7 Conclusions

It is a widely known fact that the globalization and trade liberalization are present and it looks that nothing is going to reduce the direction of these processes. They bring positive changes, however some bad connotations are also involved. Except appreciating good aspects of this phenomenon, we should be aware of those, which are harmful and try to reduce this negative effect. The feature of culture evolution is assimilation. Groups adopt patterns of dominant culture. Hence, the immediate effect of globalization is standardization of cultural goods. Film, music and magazines become a part of "popular" and "mass culture". Adorno and Horkheimer [Adorno, Horkheimer; 1972] warned that such an easy to consume mass-production can be dangerous to more difficult to understand and requiring ones. The capitalism generates new, usually false needs and then immediately satisfies them. The competition between cultural goods takes a form of a capitalistic contest, which favors popular and well advertised products, usually featured by lower quality instead of those with a real, timeless value. If we took a principle that the market rules the existence of products, probably many of cultural goods would disappear. It is doubtful if this way of selection is a proper one. What we value now can occur meaningless in a long run. Similarly, many brilliant ideas which are not appreciated by contemporary critics can be acknowledged by the next generations. Vincent Wilhelm van Gogh was regarded by contemporaries as not a distinctive

artist, however his achievements in following centuries became appreciated. It proves that what counts now, does not necessarily have to be meaningful in future. What is important is that we have to be aware of this and try to predict. Snap decisions can cost a lot. Nowadays, scientists try badly to discover the mystery of Sphinx's head. As it is supposed, the current head of the creature is not the original one. Its size and quality differ from the rest of the monument's body, which suggests that it was rebuilt. If the original head once was not claimed to be somehow "improper", contemporary scientists would not have to deliberate how the first version looked like. Such a previous underestimation of its value brought an irreparable loss and it is probable that the riddle would not be solved. That is why the valuation of cultural goods should be very careful and scientists should take into consideration not only current trends and opinions, but also look at the problem from the perspective of the loss.

Countries protect their cultural goods, however used methods are not always good and can bring negative effects for both economy and culture decreasing or even devaluating the sense of such preservation. Imitations, lack of quality, an illusion of protection and distinct than declared interest only make worse to cultural goods preservation. There are many examples of controversial decisions apparently aiming in preservation of cultural goods. The Parthenon, the temple of Athenian Acropolis in Greece, was once exported to the Great Britain as Elgin Marbles and now it is exposed in the British Museum. However, the dispute about the place where the monument should stay still continues. There appears a question if the monument should be turn back, so that tourists could see it in its original surroundings, or to unnaturally keep it inside the walls of British Museum, where as it is argued can be adequately secured.

Measuring the value of cultural goods helps to make right decisions on actions aiming in protection of particular assets. It also points out those goods which have a special value for contemporary society and their preservation has a high priority. Proposed method allows determining the value of the cultural good, which a particular asset has for the society. It does not account the value measured by experts, which could significantly influence the worth. On the one hand, such an approach allows omitting the ethical problem of that, who has a power and right to decide about the value, as the general survey conducted on the representative sample provides a statistical correctness. On the other hand, there is still a problem if the value that an individual gives to the asset can reveal rights of both others - contemporary to us and future generations. The decision which cultural good is worth more and has to be priority protected is made by the society according to the global comprehension of the issue. Thanks

to improvements to cultural goods valuation methods proposed in this thesis it is possible to obtain a reliable study on how much the particular asset is worth. A carefully conducted CV survey provides a credible data on the base of respondent's stated preferences.

Proposed method allows working with both private and public goods properly capturing consumption externalities. All use/non-use and market/non-market values are taken into consideration, which is an important advantage distinguishing this method among the bundle of other models aiming in cultural goods valuation. The model indirectly accounts non-monetary values hidden in non-material features of cultural goods.

Thanks to connection of positive WTP and negative WTA measures the valuation is more natural and takes into consideration all aspects of the cultural goods value, especially preservation and a possibility of destruction. Such an approach enables also accounting both purchasing and non-use benefits, which are a crucial factor influencing the value of cultural goods. Obtained measure of the value is expressed in monetary terms, so that the comparison between usually non-market cultural assets and other market commodities is possible. The value is represented not by a particular number but the function depending on the characteristics of the good. Such an approach seems to be more adequate and reflects the wide spectrum of benefits brought by cultural goods. An additional research aiming in identification of the cultural good's nature, like describing its uniqueness (so that priceless features), would allow to restrict the value function and precise the value as a particular number.

Thanks to referring to such a popular and important issue like taxes individuals' interest, involvement, participation into a case was provided and the hypothetical nature of CV questioning bringing a negative influence on the reliability of surveys was decreased. Using well-known taxation system makes it possible to diminish probable misunderstandings at the level of survey. Moreover, thanks to decreasing the negative association of the word "tax" neutral scenario was obtained. The lack of additional costs and unnatural scales allows for a proper valuating of a particular asset. In addition, a simple percentage proportioning makes the valuation easier. Respondents without any problem can find the balance between valued assets and easier adapt to the imaginary situation. Moreover, assumed from the definition proportion between the amounts of money individuals pay in the form of the tax and their income allows diminishing an inequality bias.

The study is based on the assumption, that CV method adequately measures individuals' willingness to pay, however, it was still not proved that this technique is correct. Further, it has to be emphasized, that the model allows estimating the approximate value of

the good only in some extent. More precisely, it measures the value which a good has for a society rather than its market price. Unfortunately, such an approach lacks of expert opinion, which could be an important improvement for the method. The combination of mentioned would give a measure of the value much closer to the real worth and price. Similarly, such an extension would also allow managing with the problem of "priceless goods" occurring for goods without their substitutes. The current model provides the bounded function of value also for such goods, however their precise valuation requires more sophisticated examination.

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"Ich habe mich bemüht, sämtliche Inhaber der Bildrechte ausfindig zu machen und ihre Zustimmung zur Verwendung der Bilder in dieser Arbeit eingeholt. Sollte dennoch eine Urheberrechtsverletzung bekannt werden, ersuche ich um Meldung bei mir."

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Abstract

Die Diplomarbeit setzt sich mit der Problematik der Bewertung von Kulturgütern auseinander. Sie beinhaltet die Klassifikation der Güter sowie Methoden zur Modellierung und betrachtet in einem breiten Rahmen Faktoren und Bestandteile welche den Wert der Kulturgüter beeinflussen. Ebenso werden in der Folge Bewertungsmethoden zur Wertermittlung dargestellt und kritisch betrachtet. In der Arbeit wird aufgrund dessen ein verbesserter Bewertungsansatz dargestellt welcher auf der willingness-to-pay/accept beruht. Die Arbeit berücktsichtigt außerdem die Diskussion über die Gefahren der Globalisierung und Handelsliberalisierung für den Kulturbesitz eines Landes. Aussagekräftige Studien über dieses Phenomän und mögliche Vorkehrungen zum Schutz der Kulturgüter werden aufgezeigt und bewertet. Die Auswertung zeigt dass geöffnete Grenzen eine Gefahr für das Kulturerbe darstellen sodass ein effizienter Schutz und in der Folge Bewertung desselben notwendig sind.

[The thesis includes the study on the problem of cultural goods valuation. It considers their classification and methods of modeling. The research broadly examines factors and components constituting the value of cultural goods. It also reviews methods used for estimating the value and proposes an improved approach based on willingness-to-pay/accept and contingent valuation.

Study also takes up the discussion on dangers brought by globalization and trade liberalization for culture. Meaningful studies on this phenomenon and involved protection methods were presented and conclusions were drawn. Research revealed that opening borders can put cultural heritage in danger, so that efficient protection and hence valuation is needed.]

Key words:

cultural goods, international trade, contingent valuation (CV), willingness to pay (WTP)

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Appendix A

Council Regulation (EEC) No 3911/92 of 9 December 1992on the export of cultural goods

Official Journal L 395 , 31/12/1992 P. 0001 – 0005 [Council Regulation; 1992]

ANNEX

CATEGORIES OF CULTURAL OBJECTS COVERED BY ARTICLE 1

A. 1. Archaeological objects more than 100 years old which are the products of:

- excavations and finds on land or under water

- archeological sites

- archeological collections

2. Elements forming an integral part of artistic, historical or religious monuments which have been dismembered, of an age exceeding 100 years

3. Pictures and paintings executed entirely by hand, on any medium and in any material

4. Mosaics other than those in categories 1 or 2 and drawings executed entirely by hand, on any medium and in any material

5. Original engravings, prints, serigraphs and lithographs with their respective plates and original posters

6. Original sculptures or statuary and copies produced by the same process as the original, other than those in category 1

7. Photographs, films and negatives thereof

8. Incunabula and manuscripts, including maps and musical scores, singly or in collections

9. Books more than 100 years old, singly or in collections

10. Printed maps more than 200 years old

11. Archives, and any elements thereof, of any kind or any medium which are more than 50 years old

12. (a) Collections and specimens from zoological, botanical, mineralogical or anatomical collections;

(b) Collections of historical, paleontological, ethnographic or numismatic interest

13. Means of transport more than 75 years old

14. Any other antique items not included in categories A.1 to A.13

(a) between 50 and 100 years old:

- toys, games

- glassware

- articles of goldsmiths' or silversmiths' wares

- furniture

- optical, photographic or cinematographic apparatus

- musical instruments

- clocks and watches and parts thereof

- articles of wood

- pottery

- tapestries

- carpets

- wallpaper

- arms

 (b) more than 100 years old

The cultural objects in categories A.1 to A.14 are covered by this Regulation only if their value corresponds to, or exceeds, the financial thresholds under B.

B. Financial thresholds applicable to certain categories under A (in ecus)

Value: 0 (Zero)

- 1 (Archaeological objects)

- 2 (Dismembered monuments)

- 8 (Incunabula and manuscripts)

- 11 (Archives)

- 4 (Mosaics and drawings)

- 5 (Engravings)

- 7 (Photographs)

- 10 (Printed maps)

- 6 (Statuary)

- 9 (Books)

- 12 (Collections)

- 13 (Means of transport)

- 14 (Any other object)

- 3 (Pictures)

The assessment of whether or not the conditions relating to financial value are fulfilled must be made when an application for an export license is submitted. The financial value is that of the cultural object in the Member State referred to in Article 2 (2) of the Regulation.

The date for the conversion of values expressed in ecus in the Annex into national currencies shall be 1 January 1993.

(1) Which are more than 50 years old and do not belong to their originators.

(2) As defined by the Court of Justice in its judgment in Case 252/84, as follows: 'Collectors` pieces within the meaning of heading N° 97.05 of the Common Customs Tariff are articles which possess the requisite characteristics for inclusion in a collection, that is to say, articles which are relatively rare, are not normally used for their original purpose, are the subject of special transactions outside the normal trade in similar utility articles and are of high value.