Cultural Resource Valuation:
State of the Economics

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Perspective

“Not everything that can be counted counts, and not everything that counts can be counted.”

Albert Einstein
Overview

- What are cultural resources?
- How can cultural resources be valued?
- What are the valuation challenges?
What are cultural resources?

- Sites, structures, landscapes, and objects that are of some importance to a culture or community for scientific, traditional, religious, or other reasons
  - Tangible and intangible aspects
  - Current and past time frames
- **Example:** “Congress declares that the national park system ... areas ... are ... cumulative expressions of a single national heritage”
  (Redwood amendment – 16 USC 1a-1)
Historic resources
Archeological resources
Natural resources
How can cultural resources be valued?

- In one sense, all valuation is culturally based
  - Values are determined in part by individual preferences
  - Individual preferences are formed in part by one’s culture
  - For example, consider preferences for food…
    - Kumis (fermented mare’s milk) is popular in the Central Asian steppes
    - Haggis (goat stomach stuffed with other organs) is popular in Scotland
    - Lutefisk (fish treated with lye until gelatinous) is popular in Minnesota
How can cultural resources be valued?

- What makes cultural resource valuation different?
  - Non-market nature of the resource
  - Passive nature of the use in many situations
  - Core nature of identity associated with the resource
  - Unfamiliarity with what is being valued

- Therefore, there is little experience in cultural resource valuation
  - Relatively few studies in the literature
  - Relatively low “comfort level” with the results
How can cultural resources be valued?

- What economic methods could be used?
  - Revealed preference methods
    - If direct use only is involved
    - If there are substitute sites available
    - Very limited applicability
  - Stated preference methods
    - Can be used for passive uses
    - Can be used for un-experienced situations
    - More promising applicability
  - Benefits transfer
    - Applying existing studies to different situations
How can cultural resources be valued?

- Conjoint analysis in particular shows promise
  - Can generate monetary results
  - Can generate non-monetary results
    - Example: Cultural education center in exchange for lost fishing opportunities
  - Can generate attribute-specific results that can be combined in multiple scenarios
    - Accommodates alternative quantitative and qualitative levels of service provision
    - Facilitates negotiation by explicitly recognizing tradeoffs
What are the valuation challenges?

- Economic valuation approaches
  - Cultural resources involve both direct and passive use
    - Revealed preference methods estimate direct use values only
    - Stated preference methods estimate both direct and passive use values – but have been contentious
  - Cultural resource issues can be small
    - Original research may involve unreasonable costs
  - Many cultural resources are unique
    - Benefits transfer may not be valid
  - The economics literature is thin
    - Benefits transfer constraints
What are the valuation challenges?

- The key challenge
  - Economic valuation is all about tradeoffs
  - *Is the core nature of identity subject to tradeoffs?*
  - If not, how can cultural resources be addressed in a market-oriented society that faces resource scarcity?