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## 19 Cultural capital

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The definition of capital as goods which, when combined with other inputs (especially labour), give rise to further goods has been fundamental to the interpretation of production processes in economics for more than two hundred years. The original and longest-serving interpretation of capital flowing from this definition has been *physical* or *manufactured capital*, meaning plant and equipment, machines, buildings and so on. It was the accumulation of this sort of capital that was seen, in the celebrated Harrod–Domar growth models of the mid-twentieth century, to be the driving force in causing economic growth. Since then the concept of capital in economic theory and analysis has been extended further. The first step was the identification of *human capital*, namely the inherent characteristics of people which make them productive. It was observable that labour productivity could be increased over time through the improvement in skills brought about by training and experience; thus it became possible to speak of education, for example, as investment in human capital, thereby extending traditional methods of investment appraisal such as cost–benefit analysis to apply to this new type of capital formation.

Next, the idea of *natural capital* was developed, allowing the designation of renewable and non-renewable resources as capital assets. The distinction between manufactured and natural capital could be both in terms of their different origins – the one being human-made, the other being given to us free as one of the ‘bounteous gifts of nature’ – and also in terms of their different characteristics. In the latter regard, the distinguishing feature of natural capital is that either it is physically consumed for ever as it contributes to the production of other goods (as in the case of non-renewable resources) or it has within itself the capacity for self-regeneration (as in the case of renewable resources). Natural capital includes not just the resources themselves but also the networks and systems which define and link their operation, such as natural ecosystems or biodiversity.

More recently still, the concept of capital has been extended into the field of art and culture, in an effort to recognize the distinctive features of artworks and other cultural goods as capital assets, and to capture the ways in which such assets contribute, in combination with other inputs, to the production of further cultural goods and services. Thus the economic concept of *cultural capital* has taken shape. What is it that is distinctive about cul-

tural capital, allowing it to be set apart from the other forms of capital described above? Two possibilities have been suggested.

First, it could be proposed that items of cultural capital are simply cultural goods which happen to be capital goods (in the sense defined at the head of this chapter) rather than consumption goods. Such a definition presupposes a definition of a cultural good. Although there has been some debate amongst cultural economists as to whether cultural goods and services can be differentiated from 'ordinary' economic goods and services, and, if so how, it is reasonable to suggest that a cultural good is one which has involved human creativity in its making, which conveys symbolic meaning (or multiple meanings) and which is identifiable, at least in principle, as embodying some intellectual property. Accepting these characteristics of a cultural good would allow us to substantiate the definition of cultural capital given above.

Second, an alternative (and probably more fruitful) approach to defining cultural capital can be couched in terms of the types of value to which cultural assets give rise. Consider a historic church building. It may have a potential sale price as real estate, and a non-market value measured, for example, by the willingness of people to pay to see it preserved. But these measures of its 'economic value' may be incapable of representing the full range and complexity of the cultural worth of the building: it may have religious significance unable to be expressed in monetary terms, it may have had an influence over time on architectural styles, it may act as a symbol of identity or place, and so on. All these things and many more are elements of what might be termed the building's 'cultural value', a multidimensional representation of the building's cultural worth assessed in quantitative and/or qualitative terms against a variety of attributes such as its aesthetic quality, its spiritual meaning, its social function, its symbolic significance, its historical importance, its uniqueness, and so on. Many of these characteristics will influence the economic value of the building, but there is no reason to suppose a perfect correlation between economic and cultural value as defined. If this concept of cultural value is accepted (notwithstanding the formidable problems of identifying and measuring it in practice), it can be used in the formulation of a definition of cultural capital. That is, following this route, cultural capital can be defined as an asset which embodies, stores or gives rise to cultural value in addition to whatever economic value it may possess.

Whichever of these two definitions is accepted, we can proceed to consider the characteristics of cultural capital in comparison with the other types of capital we have discussed. Cultural capital may exist in two forms, tangible and intangible. Tangible cultural capital occurs in the form of artworks and artefacts such as paintings and sculptures, and heritage buildings,

locations and sites. Intangible cultural capital comprises artworks which exist in their pure form as public goods, such as music and literature, and the stock of inherited traditions, values, beliefs and so on which constitute the 'culture' of a group, whether the group is defined in national, regional, religious, ethnic or other terms. Furthermore, intangible cultural capital also exists in the cultural networks and relationships that support human activity, and in the diversity of cultural manifestations within communities: that is, in cultural 'ecosystems' and cultural diversity, paralleling similar concepts noted earlier in regard to natural capital.

Both tangible and intangible forms of cultural capital exist as a capital stock which could be assigned an asset value in both economic and cultural terms at a given point in time. This stock gives rise to a flow of capital services over time which may enter final consumption directly, or which may be combined with other inputs to produce further cultural goods and services. So, for example, the services of artworks as capital items may be combined with labour and other inputs to yield consumption experiences for visitors to art museums. The artworks in a museum may stimulate the production of further works through their influence on creative artists who view them, thus leading to further capital formation. Cultural capital may deteriorate over time, necessitating investment in its maintenance or refurbishment. The net effect of all these additions to and subtractions from the capital stock within a given time period indicates the net investment/disinvestment in cultural capital during the period, measurable in both economic and cultural terms, and determines the opening value of the stock at the beginning of the next period.

The interpretation of tangible and intangible cultural assets as capital items enables the application of standard investment appraisal techniques to their assessment, for example to evaluate rates of return from investment in improving the capital stock. To illustrate, a heritage restoration project may involve expenditure of resources now in order to secure a flow of economic and cultural benefits over time. Assessment of the discounted net economic and cultural value of these benefits would allow comparison of this project with others in both economic and cultural terms.

Finally, it should be noted that the term 'cultural capital' is used in other disciplines to mean something different from its interpretation in economics. In sociology, the term is used, following Pierre Bourdieu, to mean an individual's competence in high status culture. In economic terms, this characteristic of people can be construed as an aspect of their human capital, and not as cultural capital as defined above. It might be noted that sociologists also speak of 'social capital', meaning the social networks and relationships that exist within communities. This concept overlaps significantly with one of the forms of intangible cultural capital mentioned

above, namely the idea of ‘cultural ecosystems’, meaning shared cultural networks and relationships, however defined, that facilitate cultural, social and economic interaction between members of the group.

**See also:**

Chapter 22: Cultural sustainability; Chapter 32: Heritage; Chapter 59: Value of culture.

**Further reading**

Throsby, David (1999), ‘Cultural capital’, *Journal of Cultural Economics*, 23, 3–12.

Throsby, David (2001), *Economics and Culture*, Cambridge: Cambridge University Press, chs 3, 5.

Ulibarri, Carlos A. (2000), ‘Rational philanthropy and cultural capital’, *Journal of Cultural Economics*, 24, 135–46.