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Cultural Capital*

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Abstract. Economists traditionally distinguish between three forms of capital: physical capital, human capital and natural capital. This paper proposes a fourth type of capital, cultural capital. An item of cultural capital is defined as an asset embodying cultural value. The paper considers usage of the term "cultural capital" in other discourses, notably sociology after Bourdieu, and contrasts these with the proposed usage in economics. The relationship between cultural and economic value, upon which the economic concept of cultural capital relies, is explored, and the possible implications of cultural capital for economic analysis discussed, including issues of growth, sustainability and investment appraisal. The paper concludes with some suggestions for further theoretical and empirical research.

Key words: cultural capital, cultural economics, economic growth, natural capital, sustainability

1. Introduction

In economics we are accustomed to distinguishing between three principal forms of capital.[1] The first, *physical capital*, meaning the stock of real goods such as plant, machines, buildings, etc. which contribute to the production of further goods, has been known and discussed since the very beginning of economics (Hicks, 1974). More recently, a second type of capital, *human capital*, has been identified (Becker, 1964), arising from the realisation that the embodiment of skills and experience in people represented a capital stock that is every bit as important as physical capital in producing output in the economy. More recently still, following the increasing awareness of the effect of environmental problems on economic activity, economists have come to accept the phenomenon of *natural capital*, meaning the stock of renewable and nonrenewable resources provided by nature, and including the ecological processes governing their existence and use (Jansson et al., 1994). Although the idea of "nature" as a provider of services can be seen to derive from the classical political economists' interest in land as a factor of production (and was also important to Marshall and the neo-classicists (El Serafy, 1991), the analysis of natural capital and especially of its role in "sustainability" has been very recent, lying at the core of the emerging subdiscipline of ecological economics (Costanza et al., 1991).

In this paper I argue that we need to identify a fourth type of capital, namely *cultural capital*, as a distinctly different category from the other three. Formulation of this proposition stems from the common observation that many cultural phenomena such as heritage buildings and works of art do indeed have all the characteristics of capital assets. It is my contention that their influence on human progress generally and on economic transactions specifically will not be adequately captured by regarding them simply as one or other of the conventional forms of economic capital. Thus I suggest that a separate concept of cultural capital is required in order to formalise the role of such phenomena in cultural and economic affairs.

The paper is organised as follows. To begin with it has to be recognised that the term "cultural capital" is already in use in other discourses. Thus, at the outset it is necessary to consider existing usages, so as to differentiate them from our own. Having done so, I proceed in Section 3 to put forward a definition of cultural capital that is based on a prior interpretation of what is meant by "culture". The paper then deals with the possible contribution that the notion of cultural capital might make to the study of economic processes, and concludes with some observations about further research.

2. Antecedents

The term "cultural capital" has been used, with greater or lesser degrees of rigour, by a number of writers.[2] Probably the widest use of the term is in sociology and cultural studies following Bourdieu, who identifies individuals as possessing cultural capital if they have acquired competence in society's high-status culture (Mahar et al., 1990). According to Bourdieu, this sort of cultural capital exists in three forms: in an *embodied* state, i.e., as a long-lasting disposition of the individual's mind and body; in an *objectified* state, when cultural capital is turned into cultural goods such as "pictures, books, dictionaries, instruments, machines, etc." (Bourdieu, 1986, p. 243); and in an *institutionalised* state, when the embodied cultural capital is recognised in the form of, say, an academic credential. For Bourdieu, the embodied state is the most important. He notes that "most of the properties of cultural capital can be deduced from the fact that, in its fundamental state, it is linked to the body and presupposes embodiment" (Bourdieu, 1986, p. 244). It is thus clear that the concept of cultural capital as developed by Bourdieu is, in its individualistic form, very close to, if not identical with, that of human capital in economics (Robbins, 1991, p. 154).

Much of the empirical testing of this concept of cultural capital has looked at the aggregate impacts of education and of Bourdieu's notion of "habitus" as affecting economic and social outcomes.[3] At this level, when relationships between individuals and groups in society are invoked, the idea of cultural capital becomes entwined with that of social capital, as identified not only by Bourdieu but also elsewhere in the sociological literature.[4] Thus, for example, Zweigenhaft (1993) examines the effect of cultural and social capital on the performance of Harvard graduates, using "cultural capital" to mean various form of knowledge and skills, and "social capital" to mean knowing the right people, networking, etc. Again the parallel with human capital as used in economics is almost complete.[5]

Given the close connection between cultural capital as identified in sociology and human capital as understood by economists, it is useful to ask whether the connections stretch back the other way, that is, to what extent human capital has been seen by economists to embrace culture. Sometimes definitions of human capital within economics explicitly include culture as one of its components. So, for example, Costanza and Daly (1992) speak of human capital as "the stock of education, skills, *culture* and knowledge stored in human beings themselves" (p. 38, emphasis added). Some economists have explicitly extended human capital to include culture in seeking empirical explanations of various phenomena. For example, in examining wage differentials amongst immigrant and native-born workers in U.S. labour markets, several writers (e.g., Chiswick, 1983) have attributed to "culture" the unexplained earnings gap remaining after the usual human capital variables have been accounted for. In reviewing some of these studies, however, Woodbury (1993) concludes that bundling culture into the human capital framework in this way empties the theory of empirical content because no independent assessment of "culture" is possible.

Finally, in our brief review of existing usage of the term cultural capital, we consider the proposition put forward by Berkes and Folke (1992). These authors consider the relationships between natural and physical capital from a systems perspective,[6] and argue that a "third dimension" is required to account for the ways through which natural capital can be used to create physical capital. Berkes and Folke use the term "cultural capital" to refer to the adaptive capacity of human populations to deal with and modify the natural environment. The concept has moral, ethical and religious overtones. Despite the fact that the paper does not refer to human capital as such, it would seem that the authors' idea of cultural capital bears at least some resemblance to this phenomenon, since it relates to innate and/or acquired characteristics of human beings that affect their productive capacities in both qualitative and quantitative terms. Given the specificity of Berkes' and Folke's use of the term "cultural capital", referring exclusively to humankind's relationship with the natural environment, it is perhaps unfortunate that they did not accept instead their alternative terminology of "adaptive capital", even though it was less suitable to the systems perspective from which they were writing (Berkes and Folke, 1992, p. 2). In the end it would seem preferable to allow the term "cultural" a somewhat wider range.

3. Definitions

We now turn to formalising the concept of cultural capital as a fourth type of capital within the broad discourse of economics. However, before defining cultural capital, we need to consider what is meant by culture.

As is well known, the term "culture" is used in a wide variety of contexts to mean many different things, sometimes rigorously defined, frequently not. A recent attempt to come to terms with culture in the specific context of economic development is contained in the report of the U.N. World Commission on Culture and Development (WCCD, 1995). The report is somewhat reluctant to define culture in other than the most all-embracing terms, since the WCCD's principal message is to promulgate the universal role that culture plays in human affairs. Nevertheless, a two-pronged interpretation of culture can be put forward, deriving from the Commission's work. Specifically, we can suggest two distinct constructions for the word culture:

> The first is a specific interpretation of culture as a set of activities, including all those activities undertaken within ... the so-called "cultural industries", ... Culture in this functional sense can be thought of as being represented by the "cultural sector" of the economy. The second interpretation of culture is what might be termed an anthropological or sociological view, where culture is seen as a set of attitudes, practices and beliefs that are fundamental to the functioning of different societies. Culture in this [constituent] sense is expressed in a particular society's values and customs, which evolve over time as they are transmitted from one generation to another (Throsby, 1995, p. 202).

An essential element of culture in both functional and constituent senses as defined above is its role as an expression of group or collective aspects of people's behaviour, as demonstrated in their activities and belief systems. Thus, in broad terms something can be said to be of cultural value if it contributes to these shared elements of human experience. For example, a novel or a poem may express something of the human condition which readers recognise and relate to; a heritage building may embody something of the history or tradition that binds a community or a society together; a shared language provides the means by which cultural messages are represented and transmitted. All these examples suggest that a concept of "culture" carries with it a concomitant notion of "cultural value".

Let us assume that cultural value can be measured according to a unit of account that plays a role comparable to a monetary scale in measuring economic value. Thus, an individual or group could assign a cultural valuation to a given item such as an artwork; such valuations would be expected to differ between individuals just as their economic valuations of any good (expressed as their demand price or willingness to pay) might differ. Although there may not be agreement between individuals on the cultural value of specific items, there may be sufficient consensus in particular cases to be able to speak of "society's" cultural valuation of items of cultural significance for the purposes, for example, of ranking them according to a collective judgement.

Cultural value is different from, though not unrelated to, economic value. We return to the relationship between cultural and economic value in the interpretation of cultural capital in Section 4 below.

Accepting these interpretations, we can define an item of cultural capital as an asset that contributes to cultural value. More precisely, cultural capital is the stock of cultural value embodied in an asset. This stock may in turn give rise to a flow of goods and services over time, i.e., to commodities that themselves may have both cultural and economic value. The asset may exist in tangible or intangible form. The stock of *tangible* cultural capital assets exists in buildings, structures, sites and locations endowed with cultural significance (commonly called “cultural heritage”) and artworks and artefacts existing as private goods, such as paintings, sculptures, and other objects. These assets give rise to a flow of services that may be consumed as private and/or public goods entering final consumption immediately, and/or they may contribute to the production of future goods and services, including new cultural capital. *Intangible* cultural capital, on the other hand, comprises the set of ideas, practices, beliefs, traditions and values which serve to identify and bind together a given group of people, however the group may be determined, together with the stock of artworks existing in the public domain as public goods, such as literature and music. These intangible cultural assets also give rise to a flow of services which may form part of private final consumption and/or may contribute to the production of future cultural goods.

To illustrate the asset characteristics of cultural capital as defined above, let us consider one or two examples of tangible and intangible cultural capital drawn from the art and heritage of Spain. A painting by Velasquez, or the Alhambra Palace at Granada, are items of tangible cultural capital belonging specifically to the Spanish people and generally to humankind. Both required investment of physical and human resources in their manufacture and construction; both produce a flow of services that are valued in cultural terms, as well as in economic terms, i.e., both give rise to nonexcludable public goods (such as option, existence and bequest values) as well as excludable private goods (the consumption experiences of those who can be charged to view or visit them); both are subject to depreciation of both their cultural and their economic value if resources are not devoted to their maintenance as capital assets; and both have a nonzero residual value, since even if they were totally destroyed or left to ruin (unthinkable though that prospect is), some small public-good value may survive.

Similarly, an illustration of intangible cultural capital may be drawn from Spanish music. The works of Manuel de Falla also required investment in their creation, and may deteriorate if not performed (through loss of collective memory of performance practices, for example). The stock of de Falla’s work gives rise to a flow of services valued in both cultural and economic terms; whilst these services may be sold as private goods (e.g., as a ticket to a performance or as a compact disc), the public-good nature of the services provided by the capital asset means that this flow of services is infinitely reproducible.

Some part of the services provided by all the above examples of capital assets may be used in the production of other goods and services, for example in advertising, in tourism, in stimulating modern artists, architects and musicians to create new works, and so on.

4. Implications

How might the concept of cultural capital as I have put it forward be incorporated into economic analysis? I shall discuss four implications, though doubtless more could be suggested.

First, a consideration of cultural capital as an economic phenomenon must clarify the relationship between cultural and economic value, a matter briefly touched upon earlier. Consider an item of tangible cultural capital as defined above, such as a heritage building. The asset may have economic value, which derives simply from its physical existence as a building and irrespective of its cultural worth. But the economic value of the asset is likely to be augmented, perhaps significantly so, because of its cultural value. Thus, we can see a causal connection: cultural value may give rise to economic value. So, for example, individuals may be willing to pay for the embodied cultural content of this asset by offering a price higher than that which they would offer for the physical entity alone. In other words, a heritage building may embody "pure" cultural value, according to the scale proposed earlier, and also have an economic value as an asset derived both from its physical and its cultural content. Other forms of tangible cultural capital may be construed similarly, although the significance of the elements may differ. Artworks such as paintings, for example, may derive much of their economic value from their cultural content, since their purely physical worth is likely to be negligible.

Intangible cultural capital, on the other hand, has a different relationship between cultural and economic value. The stock of existing music and literature, for example, or the stock of cultural mores and beliefs, or the stock of language, has immense cultural value, but no economic value since they cannot be traded as assets. Rather, the flows of services to which these stocks give rise yield both cultural and economic value. Again, some part of the economic value of such flows exists in purely physical or mechanical terms as public goods demanded for purely economic reasons – the utilitarian function of language, for example, or the use of background music in hotel lobbies and elevators. But again, the economic value of the flow of services from these cultural assets is likely to be augmented, in most of their uses, as a result of their cultural worth.

These considerations suggest that, since cultural and economic value are independently determined but the one has an influence on the other, a ranking of valuations of cultural capital assets (or of the flow of services they provide) by cultural and by economic value respectively will be likely to yield similar but by no means identical preference orderings. In other words, there is likely to be a correlation between the cultural and economic value of items of cultural capital, but the relationship will be by no means a perfect one.[7]

Second, it is useful to speculate on what contribution, if any, cultural capital might make to economic output and growth in the economy. Economists have made a lot of progress in extending the original neoclassical models of an economy, which contained the stock of physical capital as the only capital variable.

Not only has human capital been shown to be important in making technological change endogenous in growth models, but also natural capital has now been added to the picture, improving the descriptive and explanatory power of such models. A production function incorporating cultural capital could, if it were able to be estimated, provide insights into the substitutability, if any, between different forms of capital. Such a function might usefully be articulated in terms of a contribution to output valued in both economic and cultural terms, as discussed above. Further, the dynamic properties of such a model could illuminate further some of the analyses undertaken over recent years that have attempted to measure the contribution of culture to economic growth.[8]

So, for example, suppose an economy possesses in time period t an inherited stock of cultural capital K_t^c. This stock may be subject to depreciation d_t requiring maintenance investment I_{mt}^c. The capital stock may be further augmented by new investment I_{nt}^c. We thus have:

$$K_{t+1}^c = K_t^c + (I_{mt}^c - d_t K_t^c) + I_{nt}^c \,. \tag{1}$$

This capital variable might then be integrated into a broader model of both cultural and economic output determination, where cultural capital could take its place alongside other forms of capital in the production function, and the investment resources required to maintain or add to cultural capital stock could be seen to be competitive with other uses.

Third, cultural capital may contribute significantly to our understanding of sustainability. It can be suggested that cultural capital makes a contribution to long-term sustainability that is similar in principle to that of natural capital. It is now well understood that natural ecosystems are essential to supporting the real economy and that neglect of natural capital through overuse of exhaustible resources or unsustainable exploitation of renewable capital stocks may cause such systems to break down, with consequent loss of welfare and economic output. A parallel proposition can be put in regard to cultural capital. It is becoming clearer that cultural "ecosystems" underpin the operations of the real economy, affecting the way people behave and the choices they make. Neglect of cultural capital by allowing heritage to deteriorate, by failing to sustain the cultural values that provide people with a sense of identity, and by not undertaking the investment needed to maintain and increase our stock of intangible cultural capital, will likewise cause cultural systems to break down, with consequent loss of welfare and economic output.[9]

Finally, if there does exist a distinct phenomenon that can be called cultural capital, with some of the attendant characteristics of more conventional forms of capital, perhaps it would be possible to apply to it the sorts of investment appraisal techniques that are used in other contexts, such as capital budgeting and cost-benefit analysis (CBA). In the latter case, for instance, it is possible to imagine how CBA techniques might be used to investigate alternative projects in heritage preservation, conservation, and other areas. A distinctive feature of such appraisals would clearly have to be an assessment of the time stream of nonmarket benefits, measured both in terms of willingness to pay for perceived cultural value and, if feasible, in terms of the contribution of alternative projects to cultural value itself. As always, choice of an appropriate discount rate will be a critical issue.

5. Conclusions

Robert Solow, in one of his characteristically readable essays in which he makes complex economic issues simple, said: “My idea of heaven is an occasion when a piece of pretty economic theory turns out to suggest a program of empirical research and to have implications for the formulation of public policy” (Solow, 1994, p. 21). Whilst I might have somewhat different ideas as to what comprises heavenly bliss, I agree with the sentiment. In the case of cultural capital, it may or may not turn out to be a “pretty” piece of theory, but it certainly seems to offer prospects for further research. At a theoretical level, the incorporation of cultural capital into standard economic models of all sorts would seem to pose interesting challenges. In particular, theoretical work is needed in the area of cultural value; existing work in this field, such as that contained in Klamer (1996), is suggestive of different lines of development, but much remains to be done to refine the concepts involved.

Measurement issues, too, provide a great deal of scope for further research. The development of a range of cultural indicators is now getting underway (UNESCO, 1998); some of these indicators will doubtless be of relevance to measuring stocks of cultural capital and flows of the services they provide. More formally, however, a means of systematic accounting for stocks of such capital would need to be devised. Some progress has been made in developing procedures for natural resource accounting,[10] and we may learn something from these approaches. The introduction into national accounts of a valuation of natural resource stocks or of the flow of services from natural capital has, where it has been attempted, demonstrated the inadequacy of existing national accounting techniques in capturing the full range of effects impinging on the national economy. The same result might also be expected if cultural capital were similarly to be brought into the accounting calculations.

Finally, the relevance of cultural capital to the process of cultural policy formation provides a useful area for further analysis. Cultural policy is increasing in importance in a number of countries, extending beyond arts policy or heritage policy to embrace wider issues of cultural development and the role of culture in the national and international agenda. Policymakers frequently refer to notions such as cultural value without being specific about how it is conceived or how it relates to economic value. A well-defined concept of cultural capital, with a clear delineation of its value in cultural and economic terms, could assist in sharpening the policy articulation process, especially in the heritage area.

Notes

* Presidential address, Tenth International Conference on Cultural Economics, Barcelona, Spain, 15 June 1998. With the usual *caveat*, I am grateful to Günther Schulze, Mark Schuster and Ruth Towse for helpful comments.

1. Ignoring *financial capital*, i.e., financial assets held in various forms, since this is extraneous to our present concern.
2. In popular discourse, the word "capital" may have an altogether different connotation; so, for example, one might refer to Barcelona, say, as "the *cultural capital* of Catalunya".
3. For an illustrative example chosen more or less at random, see Borocz and Southworth (1996).
4. See, for example, Coleman (1988). Note that Coleman makes no reference to Bourdieu in this paper.
5. In Becker (1996) ideas about social relationships, networking, etc. are developed further in a human capital context. Again, it may be noted that Becker makes no reference to Bourdieu in this volume, although it is known that he and Bourdieu have discussed informally the similarities between their respective concepts of human and cultural capital.
6. Berkes and Folke (1992) refer to the latter as "human-made" capital.
7. The direction of causation that I have proposed is from cultural to economic value, i.e., items of higher cultural worth will generally be accorded a higher economic evaluation. It may be noted, however, that Veblen (1973) proposed the possibility of a reverse causation, i.e., that some people will judge an item's cultural worth acccording to its price, with a higher price indicating greater aesthetic value.
8. See, for example, Inglehart (1990), Casson (1993), Gray (1996).
9. The issue of sustainability in regard to culture is pursued further in Throsby (1997).
10. See, for example, Costanza (1991, pp. 168–317) and National Research Council (1994).

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