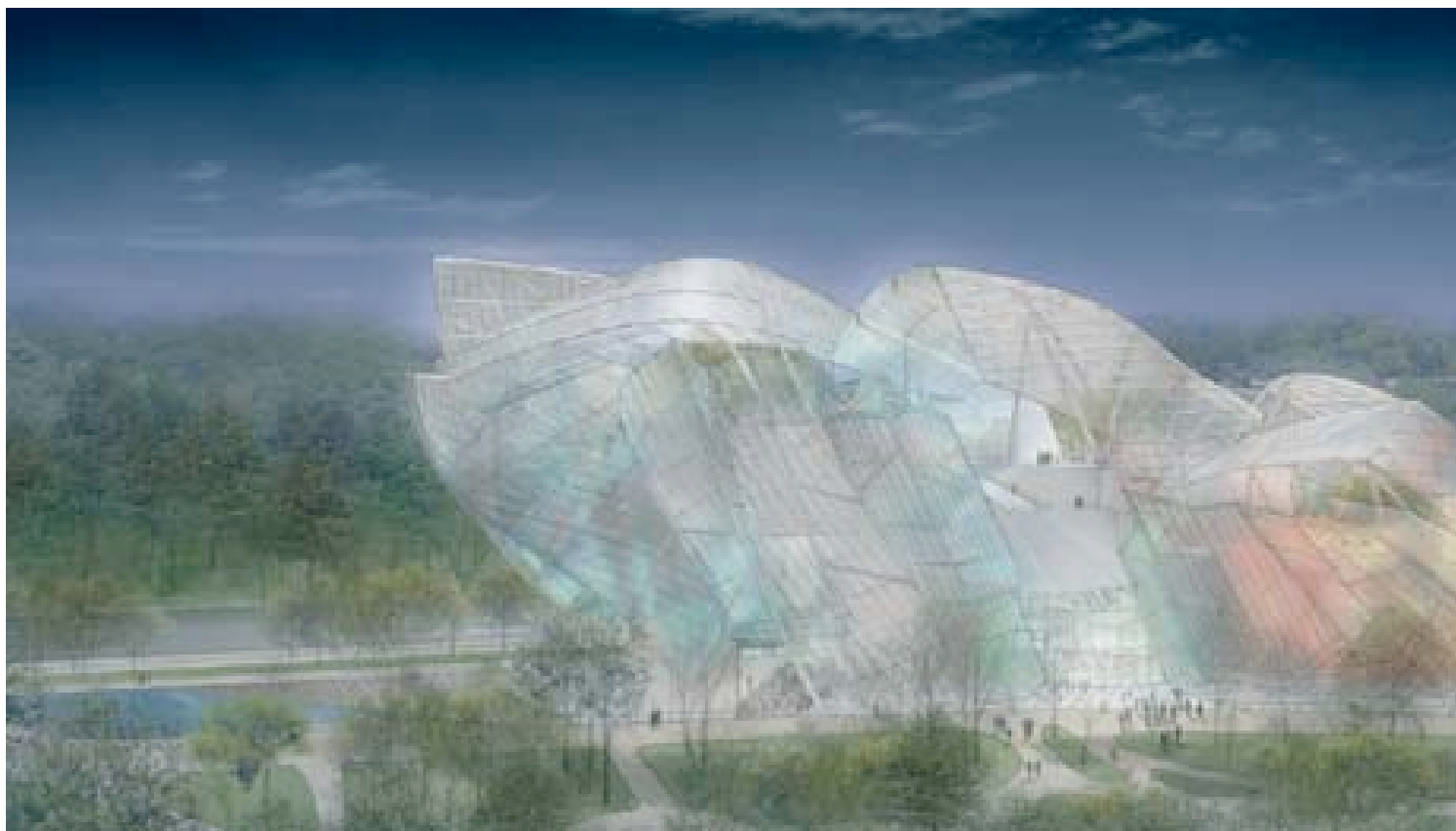


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Museums face their future
The challenges of the global economy

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Summary

For a couple of centuries, museums kept their distance from the turbulences of the ordinary of human activities. Their evolution was controlled by long term cultural strategies and a wise slowness. From the 1980's, they had to encounter quite brutally the challenge of a worldwide 'genetic change'.

For 20 years, tourism became also the first world industry (11% of the World Gross Product - 860 millions of customers traveling in 2006, trend line overcrossing 1 billion before 2010). A country like France only capitalizes with it more than 10% of the world economy of tourism (national gross income = € 150 billions, jobs = 2 millions). So, like a major Heritage and Museums destination, this country is a particularly privileged and relevant observation post.

In the context of an accelerated integration of the world economy, the value of existence and the practical value of the cultural heritages preserved by the museums are quartered more and more. Since then, the mutant museums of the 21st century tend to provide an immediate response to economic requests of short-term profits. This is helping a frontal contradiction with the rather secular rates of development of the museum institution. The instrumentalisation of the museum in the urban policies or territorial development also gave rise to a new genetic standard of museums: architectural appearance completely takes precedence over the contents ('the Bilbao syndrome').

Is the short-term future of museums to be based upon wandering collections for fundraising shows? and upon the adaptative variation of cloning our main institutions of reference by a tiny handle of fashioned architects and trendy designers? Is the 'law of Baumol' to be confirmed in the reality of setting in bankruptcy museum-machines which become economically not viable? Or the Human Values and Social relevance of the museum will overcome the challenge to project new perspectives of a sustainable development i.e. socially and economically balanced ?

The subject of globalization of the economy – even if restricted to the field of museums - is too vast and complex for a single conference or paper, like this one. That is why the ambition is not here to survey all this subject, but only to focus a few spots marking out its extent and its most evident involvements: so are the interference between new museums and strategies of the tourist industry in the global scale, either still the merciless rise of the logics of private management and of short-cycled profits for all public museums which intend to survive through this new century. Until recently, a philosophy which was poles apart from the way of life of the largest majority of non anglo-saxon museums.

Since a quarter of century, a 'genetic mutation' is affecting the world of museums. This revolution cannot amount to the binary conflict between cultural and social stakes, on one side, and, of the other side, challenges of the short term looks subjected to global economy. During the Conference introducing to this paper to the participants of INTERCOM 2006 in Taipei, the author revealed the strategies of globalization of the 'Grand Louvre' of Paris and the really rough competition now challenging the major public or private 'museum firms' of international rank around the World.

Since then, a so-called 'contract of the century' was signed at the beginning of march 2007 between the United Arab Emirates and French governmental authorities: to settle in Abu Dhabi a huge 'Louvre twin museum' with permanent displays based on long term first class deposits of masterpieces coming from the original Louvre, and also from all public museums in France. That 'big deal', including the brand Louvre and the rental of teams of curators and technical support for the forthcoming thirty years was sealed by granting the Louvre of one billion Euros (US\$ 1,330,000,000).

At once, this deal became a 'State Affair' burst in broad daylight by the French press, in the very caricatural dialectic of presidential election background. But no subtle and complete analysis was really moved forward consequences of such an operation.

What is about certain, it is that this genetic mutation of museums concerns not only the biggest international institutions of America or Europe. On the contrary, One must not forget that the logic of globalization was first introduced in the museums field by the Guggenheim Foundation over forty years ago... this logic is now exploding and 'coming out' in France, where the stream of dollars from Atlanta in 2006 ('the Coca Cola reward') and then the flood from Abu Dhabi where a great shock for the professionals, but a rather narrow fringe of the common citizens. A minimum of 12 museums is now settled, planned or in talks based on the two major French institutions (Louvre and national MoMA): in Atlanta, Tokyo, Lens ('Louvre 2') Metz ('MoMA 2') Abu Dhabi and Shangaï. Confidential talks are also in regular progress with Saudi Arabia, Egypt, Oman, Kuwait and Lybia and projects in Russia and Ukrain are under approach...

From value of existence to practical value, a new deal

*'Almost half of the 25,000 museums of our planet were built during the 50 last years'*¹ ... Everyone could think that *'After 3 decades of frenetic creation, one could imagine that things could calm down. But it is not so...'*² On the contrary, and for this very beginning of the 21st Century (2000-2007) only in Western Europe & U.S.A. they were 278³ new main museums openings (or re-openings after major refurbishments) !

One would be very naïve to think that this expensive fever of creations and redevelopments is dictated at first to the decision-makers by a cultural self-abnegation and of civil service to the local communities which bear these institutions. The great majority, and at any case the biggest of these new or recreated museums, are essentially the instruments of urban and territorial policies, of communication and touristic marketing.

Formerly, museums were mainly defined by their value of existence : they had the mission to preserve, study and display Heritage of collective interest. This was determining their fundamental social vocations. This 'genetic software' of the museums previously to globalization was naturally pushing them in a logic of

¹ asserted by René RIVARD, one of the most celebrated Canadian museologists

² J.F.Pousse 2004 'Museum Galaxy' in TECHNIQUES & ARCHITECTURE #469

³ France= 130 / U.S.A.= 60 / Switzerland= 19 / Spain= 16 / Germany= 15 / U.K.= 14 / Italy= 14 / Belgium= 10

sustainable development. That means a need for secular prospects and a guaranteed permanent granting imposed to them.

The practical value of such institutions, based on their capacities to offer leisure and touristic exploitation were regarded as a consequence, but not as the main engine for the museum enterprise. As long as the integration of the World economy was speeding up, a new logic of production and accelerating turnover raised up among museums decision-makers. For the existing museums, they gave new priorities to short-term cycles and to opportunist development and fundraising. And they started also to imagine a new breed of museums which can be qualified as 'mutants' and could certainly be considered at this moment as fascinating aliens, as long as they nest in metaphoric spaceships rather than architectures.

Looking at the surprisingly quick turn of the situation of museums in the World, one can summarize a few stakes of the 'new deal for museums in the 21st century' :

- Museums are now basically requested to provide an immediate response to economic logics of short-term income and profitability
- The revolution started from the 1990's in larger museums, but smaller ones are also concerned, as well as last craftsmen in their workshops had to face global industrialization from the 1960's
- Previously, the museums offered cultural services of their own; from now on, they are claimed to answer to the request of the tourism and leisure market with standards from their displays to their shops
- The development of the institution is to reconsider, as long as museums have to accept to satisfy more consumers than *amateurs*
- The instrumentalisation of the museum in the urban policies or territorial development also gave rise to a new museum standard; for the competition between cities, museums become essential as regards town planning and in terms of communication ; this is the 'Bilbao syndrome': the museum becomes first of all a long distance signal
- Consequently, architectural appearance takes precedence over the contents; and a 'museum makers starsystem' is set up with a very narrow number of

famous architects and designers; this highly talented and ageing club⁴ is monopolizing the projects, with a risk of sclerosis and to intensify the process of industrializing a global concept against the fundamental singularity of each museum and collection.

‘Costs diseases’ : the economical challenge is for all museums

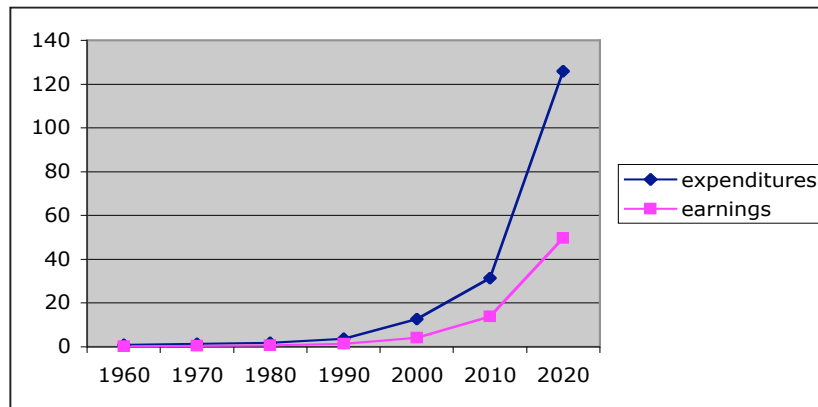
A second focus could be very accurately pointed at the trivial question of budgets. The everlasting and vital question for every institution is: *‘will the Human Values and Social relevance of this museum overcome the challenge to project new perspectives of a sustainable development, that is to say socially and economically balanced?’*. One could re-formulate that question in a sharper challenging formula like: *‘is the ‘law of Baumol’ to be confirmed in the field of museums⁵? Is the relentless fate of all museums which failed to overcome their ‘cost diseases’ to be set in bankruptcy?’*

One could be quite pessimistic about the future of a large majority of existing museums, as long as the principles of the ‘law of Baumol’ are perfectly fitting the precise museums situation. Only a few prominent facts could be enlightened :

- a) the public always seeks more daring buildings, displays and events, therefore they are increasingly sophisticated and costly, to set up, maintain and enhance
- b) there is an exponential inflation of museums costs of exploitation; the primacy of the manpower costs (which remains incompressible) generates exponential gap between remunerations and real economy levels
- c) there is a chronic not-profitability of museum production ; the weakness of technological improvement in the production process cannot be overcome ; a productivity lag is dramatically growing: wages increases exceed productivity improving capacity of museums
- d) the unavoidable lack of economy of scale in the museums is ‘genetical’, as they are not able to standardize and optimize their production processes

⁴ Ie Ming PEI, Arata ISOZAKI, Jean NOUVEL, Frank GEHRY, Renzo PIANO, Richard RODGERS, Zaha HADID, Yoshio TANIGUSHI, Jacques HERTZOG & Pierre DE MEURON, Tadao ANDO

⁵ The U.S. economist William Baumol was first defining the concept of cost diseases in the field of cultural institutions, but applied it only to the case study of living shows



The above graph, based on the Baumol theory, symbolizes the budget evolution of any kind of museum of any size, from anonymous locals to the superstars as Musée du Louvre in Paris. A extra comment is unusefull regarding the absolute priority of every museum manager from nowadays...

Another complementary question must be raised up : have we reach the limit of out of scale investments ?

During the last 20 years, the average Project Cost for a an international standard museum inflated from + 500% up to + 1,000% (all the following figures are given first in real current values for the period and then corrected to their present currency) :

- in the 1980's, one of the cheapest ratio per square meter was performed in the USA, for the Project designed by Arata Isozaki for the new MoCA of Los Angeles at \pm US\$ 1,000 per sqm (currency in 2007 : \pm US\$ 1,600)
- ...and the most expensive was for building the *NeueStaatsgalerie* in *Stuttgart* (Germany) by James Stirling at \pm US\$ 3,800 (currency 2007 \pm US\$ 6,000)
- in *Bilbao*, in the 1990's, the revolutionary concept developped by Frank Gehry for the *Guggenheim* is to be considered as an experimental architectural case. Its ratio per sqm raised up to \pm US\$ 7,800 (currency 2007 : \pm US\$ 11,000)
- more currently, the ratios of new museums per sqm. raised up to an average of \pm US\$ 5,000 per sqm. (currency 2007 : \pm US\$ 7,300)
- the size of new main museums projects of international rank also tend to double from \pm 15-20,000 to \pm 30-40,000 sqm and most of the 'reasonable' international projects are situated around US M\$ 200-300
- from the 2000's, major museum projects tend to an international standard over \pm US\$ 10,000 to 15,000 per sqm.
- in New York (U.S.A.) the complete renewal and new aisle of the 'MoMA' was recently opened to the visitors after a total investment of US\$ 0.85 billion

- in Berlin (Germany) the complete renewal of the 5 institutions of the 'Museumsinsel' (*island of the museums*) will add up a total investment of US\$ 1,56 billions during the decade 2001-2010
- in Abu Dhabi (UAE), the *Saadayat Island Museum Project* should overcross the total investment of US\$ 2,1 billion only for the museum buildings and displays to be completed from 2012 for the Guggenheim to 2018 for the national museum...⁶

... It is not useless to remind that the correct ratio of a viable annual budget for a museum is supposed to represent an average **10 to 15%** of the initial cost...

Museum assaulted and nourished by tourism

The third focus will be on the first world industry (11% of the World Gross Product / 860 millions of customers envisaged for 2006 / trend line overcrossing 1 billion before 2010). That is to say about tourism.

France represents 1% of the emerged land on this planet, but capitalizes more than 10% of the world economy of tourism⁷. So, like a major museums and Heritage destination, this country is a particularly relevant observation post.

On a worldwide scope, tourism is a strategic industrial challenge, and there is so a ruthless competition between the main destinations, as demonstrated below by the figures of arrivals of foreign visitors among the five leaders:

	<i>... in 2005</i>	<i>... in 1980</i>	<i>... increase</i>	<i>trend/year</i>
France	76,200,000 ⁸	46,200,000	+ 165%	+ 6,6%
Spain	55,600,000	22,400,000	+ 149%	+ 6,0%
U.S.A.	48,300,000	30,000,000	+ 161%	+ 6,4%
China P.R.C.	42,000,000	3,500,000	+ 1,200%	+ 48,0%
Italy	38,000,000	22,100,000	+ 142%	+ 5,7%

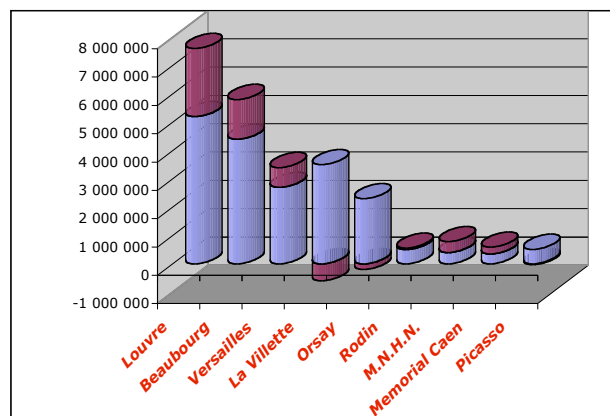
Since the 1980's, for the leading destinations of the World, a constant growth independent of the economic fluctuations and geopolitical crises is average + 6%

⁶ Thomas Krentz CEO of the Guggenheim Foundation recently declared that one billion US dollars represent the expenses of four days of US Army occupation in Irak; on this ratio, the MoMA of L.A. would replace it for 3,5 days, The Berlin project for a shortened week and the Saadayat project for a week-end more...

⁷ national gross income in 2005 = US \$ 190 billions, jobs = 2 millions).

per year. The China case is non typical, as long as one could consider that this *'touristic start'up entreprise'* will really join the club of the majors after the 2008 Olympics, and most certainly become leader, in quantity of visitors at least.

Tourism industry overflows museums, and museum is a catalyst of touristic expenditure. In a recent paper⁹, Anne D.Emerson asserts that in the U.S.A. *'tourists traveling for Culture are spending much more than others – an average of US\$ 623, against US\$ 456 for a basic traveler'* (these spendings are estimated out of transportation fees). On the same continent, the National Museum of Fine Arts of Quebec (MNBAQ) initiated a study¹⁰ on the economic repercussions of the event such as the Picasso exhibition held during the summer of 2004. This proved that the total spending of the tourist who came to the city on purpose of the exhibition was 35 times the amount of expenses in the museum itself : *'the visitors spend on average \$ 557 during their stay including only \$ 16 in the museum itself [...] Thus, other touristic actors seem to profit much more than the museum of the repercussions from the exhibition.'*



most attended Museums in France 2000-2005
(over 1/2 million admissions a year in 2005)

France is a relevant model

Hundreds of new museums were built or totally renewed in this European country during the two decades of the period 1985-2005: 1.174 museums are

⁸ the official figures for the year 2006 (published by the Ministry in February 2007) raised up to 78 millions visitors and 34,8 billions Euros (± US\$ 46,5 billions), that is the 3rd world rank.

⁹ In *Museum International* #231 september 2006 – ICOM publications

¹⁰ quoted by John R. Porter, General Manager of the MNBAQ at the Montreal Conference held in October 2004
« *Changer : les musées dans nos sociétés en mutation* »...

now listed as '*musée de France*'¹¹, but the estimated total of museums including private ones is supposed to be over 4.000...

During the year 2005, the activity for the '*musées de France*' and listed Historical Monuments only was to welcome 130 millions visitors. But 3/4 of them on less than 30 sites (mainly in Paris), the remain to be shared between 4.000 others !

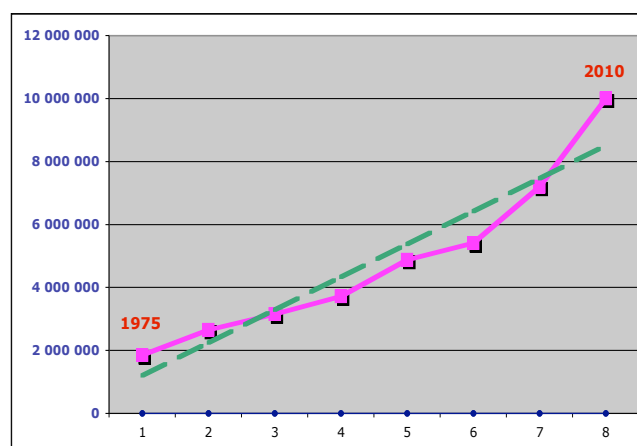
Other indicators collected in the 1.174 museums listed by the State revealed that :

- they get 3 times more visitors than 30 years
- they will benefit 100 millions of admissions before 2010
- but 90% of the visits are for less than 20 of them !
- and outside Paris: the national average of the total admission in other public museums is > 21.600 / year ! (> 15.000 paying)

The economic weight of tourism industry for french museums & heritage sites is really decisive :

- 36.000 direct jobs are assigned to the museums and Heritage sites
- a minimum of 54.000 indirect uses of related services are associated
- and at least 210.000 touristic employment directly depend on it
- in France a third of the total tourist expenditure* (34%) are directly induced by the museums and the Historic Heritage

Le Grand Louvre of Paris is settled into the former Royal Palace of France. This worldwide famous museum was totally renewed from 1983, and is now extended up to 210,000 sqm in surface (61,000 sqm in exhibitions). The long term average



¹¹ after the 'Museum Act' of 2002, a Law which finally regulated the use of the term "Musée de France" which was restricted to public institutions mainly

progression of visitors for the last third of a century is +14,3% by year, and it started quite a long time before the opening of the new spectacular extensions in the 1990's. Since then, the trend is obviously accelerating, especially after the turn of the millenium : in two or three years from now, the symbolic threshold of 10 millions visitors a year could be overcrossed...

Looking at the Grand Louvre worldwide strategy and to its 'subsidiary companies' supposed to provide fabulous income, let's come back to a solid and realistic approach of the 'headquarters' cost deseases :

permanent manpower	2.234
part-time manpower	9.497

Total	11.731

Gross budget	M€uros 180
(financial year 2005)	[US M\$ 225]

visitors in 2006	8,3 millions (7,55 millions in 2005)
foreign tourists	67 % (incl. 36 % from Europe-EC)
visitors under 18	18 %
free admissions	33 %

The Grand Louvre appears very clearly as the biggest touristic machine in Europe (second rank after Eurodisney). The massive part of foreign tourists visiting the place is very unusual among all french and european museums.

But the most revealing fact is hidden behind a rather dishonest annual balance sheet which largely underestimates the reality of the expenses of this palace-museum. In fact the Grand Louvre is in virtual bankruptcy for a long time, and the deficit is critically deepening every year.

At last, one can easily note that the biggest national museum of Art in the World still belongs to the academic breed of museums which privilege its fundamental missions of conservation and of cultural diffusion. And which prefers up to 80% of public granting its maintenance and activities than to self-oblige to an aggressive and efficient commercial policy.

The reality of the commercial income of the 8,5 millions of annual visitors is also very demonstrative of the definitive gap which is widening quickly between income and expenses. The conclusion is double and clear :

- on one side, the Grand Louvre attraction provides quite certainly the touristic economy of Paris with an annual gross product over US\$ 1,5 billion, at least ;

and its public granting is no more than 10% of that !¹²

- on the other side, the 'deal of the century' in Abu Dhabi, a desperate fundraising quest, represents less than 2% of that every year up to 2036 only.

the Grand Louvre balance sheet in 2005 ...

<u>income</u>	(official)	(real)
<i>public grant (State) :</i>	62 %	77 %
<i>patronages & trustees :</i>	9 %	6 %
	-----	-----
	71 %	83 %
<i>ticketing :</i>	22 %	13 %
<i>commercial :</i>	7 %	4 %
	-----	-----
	29 %	17 %
<i>rents and renewal provisions *</i>	?	(granted)
<u>expenses</u>	(official)	(real)
<i>Administration & technical :</i>	39 %	63 %
<i>Conservation & displays :</i>	29 %	18 %
	-----	-----
	68 %	81 %
<i>Cultural actions :</i>	32 %	19 %
<i>equipment with depreciation *</i>	?	(balanced)

From Las Vegas to Abu Dhabi : new museum resorts in the desert...

In the mid-20th century, Las Vegas was founded on casinos gambling and associated leisure, entertainment and grey to black business. At the beginning of the 21st century, new pioneers are cropping up museums and touristic resorts from other deserts. The 'Abu Dhabi case' demonstrate the paradigm of a 'leisure and culture marina' arising from nowhere, and which was not simply supposed to exist as a touristic destination only a few years ago...

Nobody can ignore now the incredible explosion of Real Estate activity among the Arabic Gulf cities. The petrodollars of the Gulf area have necessarily to fruit quickly and other mountains of cash vanished from various deals all over the World to clean up. Such projects as 'Palm Island' and the forthcoming 'Planet Island' in Abu Dhabi were focusing attention on the irrational capacity of investors

¹² of course, at the national scale, it is really impossible to estimate what is the weight of the museum of Louvre into French touristic attractivity, as well as for Eiffel Tower... but the gearing of the Louvre on the total income of tourism industry is certainly much more than the direct economical effects mentioned here

in this region from the very beginning of this new millenium. The competition between Dubai and Abu Dhabi is particularly sharp for the leadership of international tourism destinations. There also takes roots the museum development strategy of Abu Dhabi, and the out of mind 'cultural district of Saadayat Island' project.¹³

For many years, the Guggenheim Foundation was secretly, than officially lobbying for the whole cultural project on a site of 2.7 millions sqm. That is why this Foundation also starts there with a 'lion share' of its own 32,000 sqm new museum of contemporary art, the largest Guggenheim in the World (architect : F.Gehry – officialy 100% granted by the local authorities for usM\$ 400).

The Louvre will be the second, with a 24,000 sqm subsidiary of the classical french museum designed by the Jean Nouvel Studio (usM\$ 108). Simultaneouly, Tadao Ando was ordered for the third (a maritime museum) and Zaha Hadid for a large complex of concert and theaters hall (usM\$ 300), next to the fourth museum, devoted to national history of the Emirates.

The first tourist attractions will be available for viewing in 2012, and the entire project is scheduled for completion in 2018.

Global economy threatens the museum ecosystem

The working site of museum globalization is just opening in very selected places up to now. But the museum ecosystem is yet threatened when the museum becomes a product much more than an heritage:

- the autonomisation of management of public museums which profit upon tourist frequentation is not enough to balance their current management and protect them from the brutality of decision-makers
- opacity of the costs: the investments and the heavy maintenance of the infrastructures remain entirely on the load of the citizens as taxpayers (especially in the 'Guggenheim recipe')
- the cultural and touristic production equipment of each museum is fragilized by irrational basic investments
- the fundamental trend is to rush to the industrialization and design marketing of branded museums

¹³ <<http://www.uaepropertytrends.com>>

- the logics of search for quick feed-backs on investment are now commonly accepted ; this is leading to the disqualification and marginalisation of the noncompetitive museums
- there is an upheaval of the balance between missions of conservation and cultural valorization
- the systemic risk of an increasing gap is producing deficits: and introduce the hypothesis of a final financial bankruptcy if decision-makers turn to it.

What is about certain, it is that this genetic mutation of museums concerns not only the biggest international institutions of America or Europe. On the contrary, One must not forget that the logic of globalization started discreetly several decades ago... this logic is simply now exploding and 'coming out' for example in France, where the flood of dollars from Abu Dhabi was a great shock for the professionals, ...but a rather narrow fringe of the common citizens (and tax payers).

Henceforth a part of the European and American press likes comparing the Guggenheim foundation to the U.S. firm McDonalds for the poor level of its products and its capacity to settle its stereotypes at any sizes all over the world and despising local identities. But the provocative statements of the manager of the Guggenheim foundation¹⁴, which were still strongly denounced less than ten years ago seem to become softly a common sense...

A 'disaster scenario' for all the current museums, and whatever is their scale, could be to disappear under a single economic model and a exclusive trade mark. The perspective of a global museum scattered on our planet from the international 'hypermuseum' to the local 'minimuseum' is now drawing closer. As long as the 'majors' are capable of imposing to the world market of cultural consumption a single basic product, even slightly customized to the environment of every new settlement. But this nightmare would not happen, thanks to the outlook capacity of museum professionals and to the lucid demanding of amateurs and visitors...

¹⁴ Thomas Krentz uses to defines the 'total Guggenheim' recipe as follows: '*One needs a name recognized as such, an outstanding architectural monument, an important collection and of quality, a know-how making it possible to manage ... and then to make the merchandising around ...*'