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### [The Heritage Business Industry: Mexico's Opportunity for Economic Growth](#) (pp. 26-42; DOI: 10.23692/iMex.12.3)

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#### **Abstract:**

The following discussion addresses the potential of developing a heritage business industry in Mexico for the purposes of economic growth. The discussion challenges Mexico's reliance on tourism as a revenue stream in the context of high rates of violence and criminal activity, and examines its failure to promote its rich culture and history. Here, an alternative scenario is offered to create value from Mexico's rich culture and history by introducing cultural resource management (CRM), an industry developed by private firms around the world, for the protection and management of cultural heritage in compliance with environmental and historical laws. In a context of international initiatives, mainly by the World Bank and the Inter-American Development Bank, this contribution identifies those key factors pressuring the Mexican government to introduce CRM in Mexico as well as alternative routes for financing heritage preservation. Mexico's dependency on international institutions for economic growth will eventually introduce a definition of heritage beyond notions of old and pretty objects. If Mexico wants to bring significant revenue to its economy, the Mexican government is compelled to embrace a heritage definition involving the significance of place.

**Keywords:** heritage preservation, cultural resource management (CRM), economic growth, tourism, environmental compliance



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## **The Heritage Business Industry: Mexico's Opportunity for Economic Growth**

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### **1. Mexico's economy in the balance**

Every country around the world aims to increase the production of goods and services, as with it, comes an increase in average income. The increase in national income and production makes reference to a healthy and growing economy. Experienced growth, then, is a measure of economic capacity and performance, assessed by the sum of the value of finished goods and services produced annually by a society during a given year (GDP or gross domestic product), including all output produced within the borders of the country even by resident foreigners (Perkins et al. 2006: 12). Based on economic performance, Mexico ranked as the second largest economy in Latin America in 2015, experiencing an annual growth rate of 2.5% (The World Bank 2016). Throughout 2016, Mexico's expectations for economic growth slowed to 2%. Investment and export demand are no longer contributing to its economic growth, leaving that growth dependent on private consumption, a weak input expectation given the depreciation of the national currency against the US dollar, which to a certain extent can be linked to its current 2.7%, inflation level. For 2017, therefore, prognostics for economic growth are not encouraging. Mexico may not be able to fully respond to the adverse impacts of the external political and economic environment if it continues to depend on remittances, oil exports, and tourism as its main sources of income.

The World Bank (2016) has provided Mexico with a strategic growth package to support energy, environment, water, agriculture, transport and social prosperity projects. Unleashing productivity through economic growth, as discussed elsewhere (López Varela 2014a, 2015a), has not ended extreme poverty in Mexico. Still, the input generated by economic growth has improved the living standards of a large number of Mexico's citizens over the years. Of course, one should raise the question as to why half of its citizens have achieved a decent standard of living, while for others it has grown slowly, or not at all. The answer is simple and straightforward.

Economic growth without structural change, that is, without an in depth analysis of the basic ways the economy operates, will concentrate the generated income in the hands of a few people

(Perkins et al. 2006: 12). The analysis should not be addressed only by positive or normative economics. A structural change requires breaking with past ideological trends and theories regarding the ways the Mexican government understands a business economy and projections. Mexico, for example, faces high rates of violence and criminal activity (Torres-Preciado et al. 2015), impacting negatively on private investment and tourism. The number of travel alerts and warnings issued by many countries to those wishing to visit or invest in Mexico compels a reevaluation of Mexico's strategies for economic growth. Here, I would like to analyze how effective the tourist industry in Mexico is, in its pursuit of economic growth.

Measuring the effectiveness of the tourist industry in Mexico requires quality data not always available to make comparisons and projects. Though imperfect, this data is sufficiently robust to help us understand the dynamics of the tourist industry in Mexico and its contribution to GDP. Indeed, between 2014 and 2015, Mexico climbed to ninth place in the list of the world's top international tourism destinations (World Tourism Organization 2016). Despite travel alerts and warnings, 32.1 million tourists visited Mexico. Since Mexico is a relatively cheap destination, tourism returned \$17, 734 billion USD in revenue, a very low receipt in comparison to the world's other top tourist destinations. On average, every international tourist spends approximately \$430 USD when visiting Mexico (DATATUR 2016a). Comparing with the United States for example, which received 77.5 million international arrivals in 2015 (U.S. Travel Association 2016), Mexico underperforms significantly in terms of the number of visitors and income captured.

Despite the low value of its currency, Mexico is the second top international tourist market to the US, with 18.4 million arrivals in 2015 (U.S. Travel Association 2016). The United States received 204,523 billion USD in revenue from international tourism, with overseas travelers spending approximately \$4,400 USD on five main activities (1) shopping, (2) sightseeing, (3) fine dining, (4) visiting national parks/monuments and (5) amusement/theme parks (U.S. Travel Association 2016). Despite differences in revenue, travel and tourism contribution to total GDP averages around 8-9.% for both countries (INEGI 2015a; The World Travel and Tourism Council 2016).

Why is Mexico then underperforming when it comes to capturing a large number of tourists and revenue? Confronting the negative impact that violence and criminal activity has on the tourist industry may be the key. Also, there is a possibility that Mexico might not be successfully communicating its potential when it comes to the promotion of its rich culture and history.

Fostering heritage tourism is an old strategy for economic growth in Mexico, dating back to the presidency of Lázaro Cárdenas in the 1930s. To create value from Mexico's heritage and to promote Mexico's history and to support welfare programs, President Cárdenas founded the Instituto Nacional de Antropología e Historia (INAH) in 1939 (López Varela 2014a). Currently, INAH (2016) oversees 120 museums, more than 100 thousand historic monuments built between the XVI and the XIX century, and 29 thousand registered archaeological sites, of which only 181 may be visited by the general public.

Based on the limited visitor-based information provided by the Secretariat of Tourism (DATATUR 2016b), the number of national visitors to archaeological sites has decreased significantly between 2015 and 2016, while the number of international visitors slightly increased. This data is not encouraging in terms of revenue. As previously noted, nearly 32.1 million tourists visited Mexico in 2015. Of those, only 3,959,732 were interested in visiting archaeological sites and only 634,738 went to a museum. The calculated receipt averages \$11,879,196 USD for 2015, assuming each visitor paid an entrance fee of \$3 USD (BANXICO exchange rate \$1 USD=\$20.64 MN). Even if culture contributes 2.8% to Mexico's GDP, it is hard to break INAH's contribution to this measurement from available statistics (INEGI 2015b).

Even with a stronger US dollar, the international visitor does not seem to be interested in Mexico's rich history. Why is this? Either the current environment of violence throughout the country is taking a toll on tourism or the government is not doing enough to promote Mexico's archaeological sites and museums. The international visitor is certainly interested in visiting Mexico's main archaeological sites, like Teotihuacan (690,293 visitors) and Chichen-Itzá (1,245,246) [DATATUR 2016b]. When it comes to visiting archaeological sites and museums in states in which criminal activity is self-evident, there are hardly any visitors (DATATUR 2016), even during the two major holiday periods (summer and winter) [INAH 2015]. Even if these statistics are not robust, there is clear evidence that Mexico is not creating satisfactory economic value from its rich cultural history. Cultural heritage is hardly a source of wealth and a magnet for tourism, therefore failing to stimulate spending and to create jobs (López Varela 2014a).

## **2. Creating value from cultural heritage**

Misunderstanding basic notions of cultural heritage compromises economic growth. When cultural heritage is reduced to an aesthetic dimension for entertainment and not for increasing human capital through the knowledge of history (Montella 2015: 1), it is difficult to create economic value. A similar understanding guides the definition of Mexico's heritage (López

Varela 2014b), comprising three main types of properties (archaeological, artistic, and historic monuments), according to the *Ley Federal de sobre Monumentos y Zonas Arqueológicas, Artísticas e Históricas*, also known as "Ley de 72". Archaeological monuments are understood as the natural and built environment in which a number of cultures flourished before the arrival of the Spaniards. The definition of historic monuments is limited to written documents and religious, military, and state architecture created between the 16th and 19th centuries. Artistic monuments are those works exhibiting aesthetic values in the 20th century. Rooted in the 19th century, the approach describes the traditional practice of archaeology as a discipline dedicated to the study of the ancient human past through material remains. The law does not provide for historians to do archaeology and to fully apply its theories and methods to approach post-conquest material culture, written texts, and oral traditions.

Archaeology is no longer a discipline working for the past. Few Mexican scholars have discussed the link between contemporary archaeology and poverty, migration, violence, climate change, social media, or even sustainability, to mention just a few examples. Countries who understand the contribution of archaeology beyond the study of the human past through material remains have developed a heritage industry to effectively preserve cultural heritage and to contribute to economic growth through the business of archaeology (Doelle / Altschul 2009). Cultural Resource Management (CRM) is the heritage industry developed by private firms in the United States for the protection and management of a wide range of properties, usually defined, without temporal limits, location restrictions, and scales of significance. CRM is the discipline managing historical places of archaeological, architectural and historical interest in compliance with environmental and historical laws (ACRA 2013).

The American Cultural Resources Association (ACRA 2013), a national trade association, sets standards to private firms of all sizes and advocates for the shared ideals of the industry. The CRM industry is composed of 1300 firms, employing nearly 10,000 professionals, including archaeologists, historians, architects, and architectural historians. ACRA members adhere to a Code of Ethics that defines responsibilities to the public, to the clients, employees, and professional colleagues. Private sector developers and government agencies are the main clients of the CRM industry. CRM generates 1 billion USD in revenue annually (ACRA 2013), mostly, from undertaking the legally mandated preservation studies and investigations by these companies, deriving from processes framed within the National Historic Preservation Act of 1966 (NHPA) and the National Environmental Policy Act (NEPA). Within NHPA, Section 106 is a process intended to preserve historical and archaeological sites whenever a development project is federally funded, and requires a federal permit when it takes place on federal land.

The process is fairly simple. The agency identifies the resources that have the potential to be affected by the project, assesses those impacts, and finds ways to mitigate them (ACHP 2014). An important step in the process requires meaningful consultation with the public and to find responsible solutions to balance the preservation of cultural heritage and economic growth. NEPA requires federal agencies to assess the environmental effects of their proposed actions, including those on cultural heritage resources (EPA 2016).

The creation of a CRM industry is the immediate consequence of economic growth and development. At the end of World War II, economic growth required infrastructure and energy development to create jobs as well as goods and services. The "Golden Age" of economic growth in the United States provided the country with its current public infrastructure. Economic growth and development thrived the emergence of CRM. In its initial stage, academic institutions did most of the legally mandated preservation studies with limited success (López Varela / Dore 2008; Wheaton 2008). Bounded by contract to teach and do research, academics could not accommodate the time to respond to the volume of construction taking place and the requirement of preservation studies. To meet the demand, highly qualified archaeologists founded heritage preservation companies. Currently, the heritage industry has a higher potential to employ professionals with better-paid salaries than the academic sector.

The growth of the CRM industry in the United States is tied also to a taxation policy and practice to finance heritage preservation. In the 1980s, President Ronald Reagan cut tax rates to restore incentives for economic growth, leading to the second wave of wealth creation for the United States. By lowering taxes for small businesses and corporations, well established companies today bloomed during this period. The United States government supports the preservation of historic buildings through a program of tax incentives and attracts private investment to the historic cores of cities and towns (TPS 2012). When that project takes place in a certified historic structure, the developer may apply for a 20% tax credit. Through this program, abandoned or underused buildings, for example, schools, factories, retail stores, or apartments have been restored to preserve their historic character. Financing heritage preservation studies also follow the internationally agreed principle by the Organisation for Economic Cooperation and Development, which in 1972 defined that "the polluter should bear the expenses of carrying out the [pollution prevention and control] measures decided by public authorities..." (Barde 1994: 5). The PPP (polluter pays principle) assigns the costs of preservation to the federal agency undertaking a project. For the preservation of cultural heritage, the developer is willing to avoid penalties and opportunity costs that could delay or cancel a project. If the CRM industry has developed into a profitable industry, it is largely due

to legislations passed in the 1960s, mainly by the NHPA and NEPA, mandating the need to measure and mitigate the potential impacts of any government project to people and their cultural heritage.

In the 1970s, CRM companies fulfilled a market niche created by economic growth and development. With an annual revenue of around \$15-20 million USD (Dore 2017), successful companies are strongly contributing to economic growth in the United States. Until 2014, the field of anthropology had a projected 19% employment growth from 2012 to 2022, faster than any other occupation within the United States. Unfortunately, the Bureau of Labor Statistics (2016) expects a projected grow employment of only 4% from 2014 to 2024, slower than the average for all occupations. The slowdown should not come as a surprise. Inherently tied to economic growth, the CRM industry is simply responding to the current economic global crisis. The CRM industry also faces pressure from environmental and engineering firms taking over heritage compliance (Dore 2017). Even if the heritage industry has been successful in creating economic value from heritage, it still operates as a "family owned business" by simply "getting the job done".

Managing heritage requires additional skills in business planning to help an organization grow and to help them make better use of available resources and to develop the foundations for sustainable financing of activities (UNESCO 2008). In writing this contribution, it is impossible not to make reference to the costly economic consequences of a Donald Trump election to the presidency of the United States. As long as the new government promotes economic growth through infrastructure and energy development, the CRM industry will continue being profitable. However, the new administration is threatening to weaken the legislative pillars promoting the CRM industry as well as the historic preservation tax credit. Against this scenario, the CRM industry should aim for different revenue streams other than compliance. The Trump era should be an opportunity to rethink the CRM industry beyond a commodity service by reconsidering its rationale to create, deliver, and capture economic value from heritage.

The heritage market has expanded beyond compliance as a business model by the influence of global institutions creating an economy of culture as profitable as the oil industry (Filip / Cojocarú 2010). In the Americas, the creative and cultural industries constitute one of the fastest-growing sectors globally and are to become an increasingly important contributor to GDP growth across the region (Oxford Economics 2014). The CRM industry is overseeing the economy of culture by not including the needs of this customer segment within its value proposition. Even if the CRM industry has aimed for other revenue streams in tourism,

education or in mass media, compliance is its main stream of revenue. Had the CRM industry diversified its customer business model, it would have more reliable options for revenue in case its main stream fails during the Trump era.

The absence of the CRM industry in the economy of culture has dire consequences for heritage preservation. Mostly influenced by UNESCO's (2008) appreciation of culture as driver for economic growth, the business world has understood the opportunity to turn heritage into a lucrative activity (Filip / Cojocarú 2010), leading organizations to create wealth without creating social value, as is being increasingly demonstrated by the fashion industry, in its appropriation of culture without delivering returns and respect to many communities. Therefore, creating social value is the main challenge behind profit (Piedras Feria 2005: 43). Regulated by ACRA, the CRM industry, without question, has delivered social value to the communities it serves, as its core principles lie within anthropology. This baseline ensures a balance between economic growth and respect of people's identities and cultures. This baseline should be the main reason for many countries to create a private heritage sector. In its absence, governments are missing a great opportunity for economic growth.

In Mexico, the federal government absorbs the full cost of heritage management. In comparison to other Latin American countries, Mexico is one of the few countries without a private heritage industry. In assigning the responsibility of protecting Mexico's heritage to INAH, President Cárdenas created an indissoluble relationship between archaeology and the State, influencing the management process, the teaching model, and the employment sector of the future heritage professional (López Varela 2014a: 82). Heritage preservation in Mexico evolved in a context of economic growth similar to the United States. Why then, has this essential condition for the development of a private heritage industry not been successful in Mexico?

The answer is simple and straightforward, because of its heritage definition tied inherently to the building of the nation's identity during the 19th century (López Varela 2015b, 2015c). Building a modern nation required the search of an identity disassociated from the colonial ruling of the Spanish Crown. Mexico built its national identity based on the material remains of those that suffered the Conquest and colonization. The preservation of its identity became a fundamental responsibility of the government. Inherently bound to the building of the Mexican nation, the law excludes the understanding that tomorrow's archaeological sites are being created today, that history is happening now, and that the material expressions of modern life are the cultural heritage of the nation's future (López Varela 2014b).



It is no surprise that the Institute is the major provider of archaeological services through a limited federal budget ranging between \$110 and \$180.5 million USD from 2010 to 2016. Considering tourism as a valuable stream of revenue, the national heritage business model contributed to the federation around \$21, 946 million USD in 2010, mostly from selling entrance tickets to the order of \$19 million USD (ASF 2010). On its main Web page, INAH (2016) reports 800 employed academics with professional degrees in all branches of anthropology, including history and architecture.

Even in the absence of relevant data it is still possible to understand that Mexico is not creating economic value from heritage and is failing to protect its heritage (ASF 2012). In finding a solution, INAH has partnered with the private industry to allocate resources for heritage preservation. Unfortunately, the partnership has introduced a management process detrimental to heritage resources. The contracting of private services for heritage preservation is not regulated to set professional and ethical standards and, as a result, its intervention is proving to be a preservation liability, as illustrated by the irreparable damage to the equestrian bronze sculpture of King Charles IV of Spain, casted by Manuel Tolsá in 1802 (López Varela 2014a). Without standards for the private industry to intervene in the preservation of Mexico's heritage this unfortunate experience is only one of many to come.

The Mexican government believes in preservation as a proxy for economic growth and development. Mexico's need for competitiveness in the global economy has led the government to believe in UNESCO's (2008: 8) promise that World Heritage sites are 'big businesses' with turnovers of millions of dollars a year. Currently, Mexico has more World Heritage sites (N: 34) than any other country in the Americas, with 22 properties awaiting consideration for nomination. Nominating a property as a World Heritage site, requires preservation and risk plans. Inscribing heritage resources as World Heritage sites is a false path for economic growth under the current environment of violence throughout the country and without marketing heritage, as previously discussed.

In 2015, the Mexican government created the Secretariat of Culture, disaggregating INAH's original federal mandate by creating the Dirección General de Sitios y Monumentos del Patrimonio Cultural, and leaving under its jurisdiction the preservation and restoration of cultural heritage, the making of a heritage preservation policy, all activities related to site management plans, and the responsibility of following international treaties regarding World Heritage sites (DOF 2016). Unfortunately, the Mexican government has missed a golden opportunity for economic growth with the issuing of these reforms, by not revisiting its definition of heritage.

### **3. Challenging the national heritage model with world policies and regulations**

Undoubtedly, Mexico has benefited from global policies for economic growth and development, even if half of Mexico's population is living in poverty. Reaching a high-growth economy requires the Mexican government to follow policies and regulations established by major institutions around the world, for example, the United Nations, the OECD (Organisation for Economic Co-operation and Development), the World Bank, the IADB (Inter-American Development Bank, or the IMF (International Monetary Fund). Most of these institutions provide Mexico with significant loans to reduce poverty levels and to increase its GDP. This well-accepted measure of economic growth has the potential to negatively impact the human environment and the natural resources. In 1983, the adoption of the European Regional/Spatial Planning Charter set the guidelines to achieve a balanced regional socio-economic development of the region to improve the quality of life by responsibly managing natural resources to protect the environment through a rational use of land, paying special attention to areas of natural beauty and to the cultural and architectural heritage. Inspired by the "European Charter", the World Commission on Environment and Development (WCED), convened by the United Nations, issued the Brundtland report to balance the relationship between human society and the natural environment in 1987. The report, also, known as "Our Common Future" launched a pathway to sustainability, influencing environmental laws and planning in a wide range of countries, including Mexico.

Countries have established development plans and management instruments to protect the environment. Spatial and land-use planning systems are used to assess the distribution of activities in space, by considering social, economic, political and environmental criteria. In 2000, the Mexican government, through the Secretariat of Social Development, requested every state authority to create a land use plan (Programas Estatales de Ordenamiento Territorial-PEOT) to assess these criteria. Between 2001 and 2004, the federal government requested the aid of state universities to develop these land-use plans (López Varela 2014c), which measured the impact of development projects on the environment, without accommodating the clear mandated responsibility to protect Mexico's heritage in the design of impact assessments. In 2007, the municipal authorities of Jiutepec and Cuernavaca approached the Geographical Information Systems Laboratory at the University of Morelos to help them find ways of integrating sustainable development with heritage preservation in their land-use plans.

The inexperience of environmental planners in considering heritage management processes in policy-making and institutional planning activities required a collaborative effort with a CRM firm, Statistical Research Inc. (SRI), having the experience to conduct fast-track projects

in large spatial areas (López Varela 2014c). The experience revealed the lack of archeological expertise in Mexico to assist with one of the most common preservation activities i.e. compliance. Compliance should not be equated with the making of site management plans aimed mostly at mitigating adverse impacts on known sites. Compliance evaluates, protects, and manages cultural heritage resources to fulfill environmental regulations creating future sustainability.

Even if the methodology to protect heritage resources is in use by environmental planners in Mexico and includes public consultation, the experience revealed that the decision-making stage stands for limited citizen representation, as the stakeholders are selected to participate based on their leadership and their contribution to society, or as representatives of a government program or agenda (López Varela 2014c). The limited inclusion of public voices provides an underrepresented model for future planning, as disclosed by the acquisition of social value-based data by sampling the targeted population. These social value-based data exposed a demand to protect heritage resources not considered by the law, and to include them as part of the land-use plans.

In the absence of local expertise, international environmental companies are taking advantage of the need for heritage impact assessment and planning services requested by companies investing in the energy sector. Mexico is missing the opportunity to capture this revenue that foreign companies are taking away. If US president Donald Trump imposes a strong taxation policy for companies creating jobs abroad or manufacturing products outside its borders, an opportunity will be available to the first bidder. Hopefully, the market will be shared with a highly regulated private industry established by Mexico's professionals.

In a changing world economy, the Mexican government is about to face the limitations of its national preservation model when it solicits a loan to the IDB or the World Bank. The IDB (2015: 1) states in its safeguards, it will not support operations that, in its opinion, significantly convert or degrade critical natural habitats or that damage critical cultural sites. Also, the IDB introduces a definition of heritage based on four values, not entirely included in Mexico's legislations. When assessing the value of a cultural heritage site or object, the IDB (2015) requires "value to communities" as an attribute to be taken into consideration. Even if the "Institute" was an active participant in the elaboration of the IDB safeguards, the "Ley de 72" dismisses alternative views of what heritage means to society. After a century of infrastructure building and promotion of urban lifeways, the experience has resulted in the appropriation of modern spaces and behaviors by Mexico's citizens and those are now part of their identity. When infrastructure development threatens the preservation of a casino hotel or a soccer pitch,

the developer realizes how important these places are to society. Since modern resources are preserved based on aesthetic values, INAH hardly intervenes to support people's request to defend these new spaces. The academic setting has hardly questioned the validity of the current definition and to support these voices claiming the protection of what is of value to them. In fact, dismissing the protection of these new heritage resources is the main source of conflict during infrastructure planning and building.

The World Bank has understood that social pressure could affect its performance and profit. Therefore, it approved the new Environmental and Social Framework on August 4, 2016, after a thorough consultation with numerous entities, including the academia. The new "Framework" reinforces its commitment to sustainable development in ways Mexico is simply not prepared to meet. The World Bank Environmental and Social Framework sets out the requirements for borrowers relating to the identification and assessment of environmental and social risks and impacts associated with its financed projects. Considering indigenous peoples and cultural heritage as part of the Environmental and Social Standards, the World Bank ensures its financed projects enhance opportunities for indigenous peoples to participate in and benefit from the development process in ways that do not threaten their unique cultural identities and well-being. The World Bank acknowledges their living in poverty, and how in many instances it limits their capacity to defend their intrinsic rights to, and interests in, land, territories and natural and cultural resources. Therefore, the World Bank demands equitable access to project benefits for indigenous populations.

The World Bank also recognizes the adverse impact to a society shaped by economic growth. A key purpose of the guidelines is to ensure indigenous peoples are fully consulted, have the opportunities to actively participate in the project design and implementation, and have equitable access to project benefits. In cases where indigenous peoples may be alienated from their land and access to natural and cultural resources, the World Bank is requesting a Free, Prior and Informed Consent (FPIC). When a project has the potential to impact cultural heritage that is relevant to indigenous peoples' identity, and/or cultural, ceremonial, or spiritual aspects of their lives, priority will be given to the avoidance of such impact. When a project proposes the use of their heritage for commercial purposes, they should be informed. The borrower should obtain a FPIC and share equitable benefits from the commercial development of their heritage.

The World Bank Environmental and Social Framework could reverse Mexico's long time contradictory model of growth divided between preserving the indigenous life ways as emblematic of her identity and at the same time incorporating them into a model of

modernization (López Varela 2015a). The forging of the Mexican nation considered the indigenous lifeways, their beliefs, and their illiteracy in Spanish as obstructions to the growth of the Mexican nation (Caso 1958; Gamio 1916). Acculturating policies without coercion disseminated modern ideas among the indigenous populations, spread the use of the Spanish language, and evaluated those positive aspects of the indigenous lifeways that should be preserved (Caso 1958). The promotion of new urban spaces and promotion of urban lifeways, as mentioned before, resulted in their appropriation by its dwellers and are now considered as part of their heritage. Even if environmental compliance requests measuring the impacts of a project on people, projects consider social impact assessments as demographic studies.

When INAH collaborates in this type of projects it aims to protect only national heritage resources. The World Bank requests a different strategy, one that requires a people-focused approach to mitigate adverse impacts of its projects. Internet consultations or public workshops, the preferred strategies of environmental compliance, will not be enough to fulfill the requirements of the World Bank, which understands heritage as a reflection and expression of evolving values, beliefs, knowledge and traditions. Consequently, the requirements apply to cultural heritage regardless of whether or not it has been legally protected or previously identified or disturbed. In this context, the World Bank introduces the practice of heritage compliance in its projects and requests a heritage impact assessment, which includes the need to define the significance of place, as part of environmental and historic compliance. Clearly, Mexico has not prepared enough professionals to develop social impact assessment studies, but foreign environmental companies could easily fill that gap.

#### **4. Economic Forecast**

For decades, The World Bank has financed most major infrastructure and energy projects in Mexico. Unfortunately, Mexico is still not ready to face its new demands, scheduled to go into effect in early 2018. While global economy and politics are powering the conditions for the future emergence of a private heritage preservation industry in Mexico, its prospect is impaired by the national definition of heritage. On all fronts, the Mexican government is under pressure to change its current approach to heritage and its disassociation from the community. The Mexican government will soon understand that attachment to place is the basis of social identity, that community engagement will enhance sustainability, that heritage is not only constituted of old and pretty things, but involves feelings of association and human emotions, and could bring significant revenue to the Mexican economy.

Already, the Mexican government has issued palliative measures to mitigate outside pressure. By restructuring its main institution for heritage preservation, the Mexican government accepted the need for structural change but, unfortunately, without an in-depth analysis of the heritage business market. It can be debated if the solution was to create the new Secretariat of Culture. My belief is the Mexican government missed the opportunity to update its outdated laws to ensure the emerging private marketplace, driven by environmental compliance, meets professional standards with its restructuring of INAH functions and additions to the "Ley de 72". The new regulations leave enough legal voids for government entities to contract with private companies without the approval and supervision of the "Institute" or the Secretariat of Culture.

Effective heritage preservation and management could be a profitable revenue stream for the Mexican economy. Heritage adds business value to any project when it is well managed. For this to happen, the Mexican government should mandate the need to measure and mitigate the potential impacts of any government or private project to people and their cultural heritage. In other words, heritage preservation and management would have to be mandated as part of environmental compliance, and integrated in similar planning activities or policies. No matter who launches a project, that entity would have to absorb the costs of heritage preservation, and the project's budget would have to consider heritage preservation as another cost item. Sharing the cost of heritage preservation among federal institutions, would discharge INAH's tight budget.

To create economic value from heritage compliance, the Mexican government would have to introduce a reform to its existing laws. Such reform should include a tax incentive preservation policy. In fact, Mexico missed another golden opportunity to create economic value from rehabilitation of buildings after the 1985 earthquake. Instead of creating a tax credit or tax income deduction policy to rehabilitate those buildings affected by the earthquake, it opted for expropriation, a highly cost-intensive action that upset citizenry (Melé 2006). In the early 1990's the "Dale una manita al centro" policy, which offered a helping hand to rehabilitate Mexico City's downtown policy, ended in the appropriation of buildings by the private sector. The policy required the private industry to restore and rehabilitate a building to "own it". Most of these buildings were not listed as historic properties. Therefore, INAH was not present during their rehabilitation to protect the historic integrity of the property and its environment, as these buildings in downtown Mexico City are not considered part of Mexico's heritage. In this context, a tax incentive policy to rehabilitate buildings or finance the cost of preservation would

have been highly beneficial to the preservation of heritage resources. Instead, the policy allowed private citizens to paint and remodel historic living spaces without any supervision.

Increasingly, the national heritage preservation model is transitioning to a private practice. The 1985 earthquake induced such a change. After UNESCO declared downtown Mexico City a World Heritage Site, the local government and private industry created a trust in 1990, the Fideicomiso de la Ciudad de México, to support the restoration and conservation of its buildings (López Varela 2014a). This trust is now linked to a citizen council, headed by business magnate Carlos Slim Helú.

The transition to private practice is also triggered by limited jobs in the academia and the inability of the government to create more jobs within its federal institutions. Fortunately, some universities are creating training programs for heritage professionals, with the necessary skills to develop heritage management plans and business models for the creative industries. Still, heritage professionals lack core skills in economics and marketing to assess why Mexico is no longer an attractive destination for the international visitor and to analyze the microeconomic and macroeconomic benefits of creating economic and social value from heritage. In the absence of a well-trained force in heritage preservation, international environmental companies are taking over the market, restricting the possibility for the Mexican government to capture significant revenue from compliance, leading to the creation of a billion dollar heritage industry. The Trump era should be seen as an opportunity for the Mexican government to explore other markets. Therefore, I am confident the national preservation model is about to change.

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