

Cultural Capital

Culture and identity are basic human needs; when these needs are met, well-being is enhanced. Culture is an element of the sense of identity that subgroups and individuals in society possess, and itself possesses values that bridge different identities. The substance of cultural resources may differ from place to place, between time periods, and between people, due to their positions, values, and identities. It is particularly challenging to estimate Israel's resources in this sphere, due to the country's great social and cultural diversity. With special regard for the Israeli context, the resource stock should generate a wide range of possibilities for cultural experience, to encourage new cultural creation and preserve those features of a heritage whose neglect could result in their loss. From a sustainable well-being perspective, public funding is crucial for the development and preservation of cultural resources.

▣ Definition of Cultural Capital

Four groups of resources are commonly regarded as necessary for well-being: economic capital, natural capital, human capital, and social capital. However, there are resources that cannot be confined to any one of these four groups: cultural resources. Cultural resources should be viewed as a fifth resource group: cultural capital. A separate discussion of cultural capital will facilitate in-depth exploration of this topic, which up to now has been neglected in the context of sustainable well-being.²⁵

Cultural activity contributes to well-being through its intrinsic value. It meets a human need. Melody, beat, dance, poetry, and narrative give direct satisfaction. This is a universal human quality that exists in all known societies. The experience of culture differs from person to person in accordance with their needs, inclinations, natural abilities, and skills acquired at home, school, or through self-training. Modern societies spend a significant percentage of GDP on culture in all of its forms. In terms of time allocation, cultural activity is always accommodated. People of religious faith, for example, spend a certain amount of time every week in houses of worship, while soccer fans may never miss a game. Most people consume culture primarily during their leisure hours, but culture is also a nontrivial employment sector. Many different occupations are engaged in cultural production: the skilled people who specialize in creating, sustaining, and transmitting culture, as well as the administrative, logistical, and financial support systems needed for the purpose.

We can distinguish between active and passive uses of culture, between creation and experience. There is also an active element to experience, as in nature hikes that require advance preparation,

²⁵ For further discussion of cultural capital in general, and Israeli cultural capital in particular, see the cultural capital review in the Digital Appendix to this report (Katz-Gerro, 2021).

folk dancing that entails knowledge of the steps, choral singing that involves varying degrees of skill on the part of its participants: the composer, conductor, singers, and listeners, who all have greater and lesser levels of expertise.

A distinction is commonly drawn between high and popular culture. This distinction rests on the influential thesis of the French sociologist Bourdieu, who argued that the control of culture (and especially of high culture) is a means of social segregation. But what allows culture to be used for social segregation is its intrinsic value. It is culture's distinctive emotional, cognitive, and psychological impact that makes it a vehicle for social segregation. The competencies required to engage with culture (at every level) are what produce the opportunity to segregate those who lack the necessary taste or abilities, but this does not cancel out the substantive value of culture – on the contrary, this is the secret of its power to enchant, and its importance in human life.

▣ Types of Cultural Capital

Ongoing cultural activity relies on a large stock of sustainable assets, some of them intangible, and some of them embedded in material existence. These can be broken down as follows.

A. Content: Cultural content is cultural activity and its products: language (including culturally distinctive communication practices and slang), cuisine and food, clothing, historical knowledge, moral thought, cultural studies, non-applied science (science as a value and form of deductive reasoning), literature (fiction and poetry), the performing arts (dance, theater, cinema, and classical, folk, and popular music), the visual arts (painting, sculpture, and design), religious heritage and ritual, access to the environment, nature, and landscapes, archaeological, architectural, and national heritage, and the various forms of

physical activity. Each of these spheres has a rich tradition and bodies of knowledge, some of which are undocumented.

B. Capabilities: These are individual cultural capital assets. They are required for cultural creation and for its dissemination to the public. People with talent, skill, experience, and expertise are the ones who produce and update cultural content, whether on a professional basis as artists, curators, scholars, or cultural entrepreneurs, or on an amateur basis. Teachers convey values to the public, while parents transmit cultural values to their children. Additionally, abilities are necessary for cultural experience, as such experience presupposes the various levels of competency required to connect with the content.

C. Institutions: Cultural institutions are systems of rules, conventions, contracts, knowledge bases, professional staff, and sustained interpersonal relationships that facilitate cooperation in pursuit of complex goals. They provide the physical or organizational platform where cultural activity takes place and is made possible. These institutions include schools, religious educational institutions, religious communities and societies, universities, foundations, government ministries, theaters, orchestras, museums, archives, sports leagues, culinary establishments, and commercial broadcasting and entertainment services. It is these institutions that permit and promote content creation; they also coordinate or curate content: libraries have books, museums have pictures and sculptures, and national parks contain heritage sites and archaeological ruins. Cultural institutions are organized in a hierarchy of settlements. In major cities, one finds the top-tier institutions, which attract people from across the nation and from abroad. At each lower locality level, there are institutions that serve the settlement and its catchment area.

In other words, *institutions* are the frameworks in which cultural activity is pursued by people of varying types and levels of *ability*, who produce and enjoy cultural *content*. Each of these assets is necessary for the development and preservation of culture.

These cultural stocks need to be renewed through investment, which maintains and enhances them. Some content is not eroded through use, and some capabilities develop as they are utilized. By contrast, cultural institutions, physical content, and abilities that are not in constant use diminish over time. Institutions and physical content are subject to natural wear and tear, but also to deterioration through use. Abilities atrophy and are forgotten, and because they belong to individuals, they are lost when the individuals pass away. The preservation of an existing cultural stock entails constant investment, both to address deterioration and to teach relevant skills to the younger generation. Improvement or enrichment of the cultural stocks requires additional investment.

The cultural sector in the narrow sense consists of cultural content and the aforementioned institutions, but there are three other systems that create and sustain significant cultural assets, although this is not their sole purpose and they overlap with other types of capital, mainly human capital. These are: the education system, which transmits an array of cultural values; religious systems, which provide a framework for religious identities and experiences; and science, which has a non-utilitarian cultural dimension reflecting norms for deductive reasoning and for understanding the physical, biological, and social environment. Cultural production in higher education systems and research institutions is carried out in tandem with other purposes, such as advancing scientific and technological knowledge, transmitting competencies and civic values, as well as preparing people for life.

■ Identities

Another distinction can be made between cultural assets of a predominantly universal nature, and those that mostly embody local identities. Universal cultural assets can be found in nearly every country, and are presumably accessible to all (although a level of skill and personal dedication is sometimes required), e.g., music, painting, literature, and drama. There are also local versions of popular music, television series, sports activity, nature and scenery, and heritage. By contrast, identity-oriented cultural assets have a local character and reflect values that are specific to particular groups and are not accessible to those outside them. Such assets distinguish between insiders and outsiders, between those who are eligible to partake in them and those who are not. Due to this agonistic dimension, the identity-oriented values attract a sense of communal identity, and function both as a unifying factor (among the group members) and a separating factor (between the group and others), based at least in part on a rejection of the other. Such are the cultural assets that mark out subgroups in the form of nationality, ethnicity, and religion. They include language, nationalism and its attributes, religious affiliation, dress codes, and cuisine. Cultural assets are situated along this universal-to-identity-oriented continuum, depending how open they are to others, and on the size of the group with which they are associated.

Every person has several identities that define his or her place in society and give meaning and value to life. These identities consist of values, perceptions of past and future, emotions, and social ties. They provide a sense of family, group, and community identification, but also differentiate between them and others. Identities can differ in their degree of openness and acceptance, and how they are acquired: some identities are imposed by life circumstances, while others are chosen freely.

Identities are not material things, and in this sense they are not subject to wear and tear. However, because they constantly change, they can be forgotten, weakened, and their salience can vary. For this reason, groups attach great importance to the continual preservation and cultivation of their identities. One of the main ways of preserving identity is to use it: when activity is derived from a particular identity, that identity is strengthened and becomes more deeply entrenched.

■ Mentality

Mentality is the set of personal traits that shape one's way of thinking and acting. Although mentality is a quality belonging to individuals, groups often have shared features that, taken together, can be regarded as a group "mentality." The shared mentality is shaped and perpetuated directly through formal and informal education, but also indirectly through the absorption of behavioral patterns from the group environment. Thus, mentality is affected by identities insofar as identities drive group behavior and determine the values that are important to the group.

Qualities such as *chutzpah* (cheek), boisterousness, directness, improvisation, entrepreneurship, warmth and openness, family orientation, informality, disregard for rules, social boldness, and skepticism are often ascribed to Israelis. Some maintain that the Israeli mentality is one of the secrets of the country's success – that it enabled Israel to gain its independence, flourish, and become a technological and high-tech trailblazer. If this is true, then the aforementioned qualities have had a decisive impact on Israeli well-being, and should be included in sustainable well-being measurement.

However, this topic is subject to dispute and raises practical difficulties that kept it from being developed in the present report.

The glorification of mentality and national character has been a typical feature of human history's darker ideologies and regimes. The Israeli mentality could also be linked to things that undermine well-being, such as corruption and complacency (e.g., the "It'll be okay" culture), disrespect for law and rules, a culture of boisterous discourse and, indeed, of physical violence. From a practical point of view, the topic is uncharted territory: there has been little scholarly attention given to it, and the existing well-being measurement frameworks have not been much concerned with it. For these reasons, the Committee has refrained from taking a stand, leaving the importance and legitimacy of mentality indicators and their development open to future discussion.²⁶

■ Cultural Capital and Well-being

Culture is inseparable from well-being. Identities and mentalities shape our thought and behavior, and fill our actions and our lives with meaning. Furthermore, creation and active participation in cultural endeavor are means of individual expression and self-fulfillment. More passive forms of participation, such as listening to music, reading books, and the like, give direct satisfaction to participants: they spark the imagination, stimulate thought, arouse emotion, shape and intensify identity and belonging, and confer pleasure while providing a refuge from everyday life.

The importance of culture to Israeli residents can be seen in Israel's current expenditure on culture, which amounts to about 5% of GDP (Central Bureau of Statistics, 2019b). It can also be seen in

the amount of time devoted to cultural activity. A representative sample of the Jewish population shows that Israeli residents devote 4.34 hours per week, on average, to sports and hobbies, 3.7 hours to recreational activity, 3.16 hours to spiritual or religious activity, and 5.7 hours to study and cultural enrichment (Lahat and Sened, 2019). A substantial proportion of these activities are cultural and they account for over a tenth of total weekly hours. The fact that a "leisure, culture, and community" category was added to the well-being indicators adopted by the Israeli government, following a public participation process, also testifies to the importance that Israelis accord to these activities.

Culture also contributes to other forms of capital. Some cultural activity has an impact on economic capital. It creates employment, and some of its products are traded in the market. Cultural values and attributes affect the stock of natural capital by shaping the patterns of its consumption. Cultural resources also entail human capital resources, due to their ability to amplify abilities and skills that are important not solely for cultural activity. Culture also imparts habits and preferences that may affect people's education and health resources, for example by encouraging them to study and investigate, engage in physical activity, and more. Finally, culture and, in particular, identities and mentalities shape people and their accomplishments, thereby also influencing their economic output (confidence, integrity, skepticism, and work ethic), and they also contribute to social capital. Culture, identity, and mentality form the basis for the social cohesion and solidarity that make collective effort possible.

²⁶ Attempts to measure the normative differences between different cultures are not new. Major examples of this are the works of Schwartz (1992), Hofstede (Hofstede, Hofstede, & Minkov, 2010), and Inglehart (Inglehart & Welzel, 2005). Many studies have also tried to determine how these differences translate into behavioral differences that affect well-being, economics, and society. However, these studies do not necessarily include individual or measurable characterization of the character and mentality traits relevant to Israel. Nor do they solve the theoretical problem of whether it is legitimate to promote or encourage a given national mentality. Nevertheless, these studies can be a starting point for those who wish to develop this topic within the framework of Israeli well-being measurement.

■ Cultural Capital Resources and Their Measurement

The aspiration is to arrive at an estimate of the stock of culture (or cultural capital). The starting point is the level of activity and ongoing use of cultural assets in their various forms. Capital is defined as a multiple of current output, and in a well-being context it has no meaning without output. The definition of stock (or capital) is an evaluation of the ability to sustain the activity. This is not a simple task: only some cultural content can be directly measured and quantified, and even when measurement is possible, it is hard to estimate its quality. Capabilities and institutions, the two other categories, can, in principle, be quantified. The proposed method of measuring the three categories that make up cultural capital is to assess current usage flows and the volume of assets that sustain them. We suggest performing a two-part measurement: of activity level and stock of sustaining assets, and of financial flow. Each measurement raises its own difficulties. Policy is usually reflected in financial allocations; separate measurement of activity makes it possible to monitor the impact of allocations. We also propose that the indicators be standardized to per capita income, which will make it easier to perform international comparison, and comparison over time.

Defining indicators for cultural capital also raises the problem of identifying capital resources that need to be measured. Unlike other types of capital, cultural capital resources may differ between societies, and their selection will also reflect a normative preference. Drinking water and a certain level of social solidarity are resources necessary for the proper functioning of any society. By contrast, an ultra-Orthodox Israeli and a secular Israeli will each seek the cultural resources that suit them. This chapter aims only to highlight the cultural aspect of well-being, which is generally

neglected by those engaged with the issue of well-being, in Israel and beyond. The guiding line here is that cultural diversity should be promoted, and opportunities for cultural activity expanded as much as possible.

Cultural resource measurement should distinguish, where possible, between the various sectors and subsectors of culture. [Supplement A](#) includes a proposal for seven main sectors – literary arts, performing arts, visual arts, screen arts, nature and heritage, religion, and sports and physical activity – as well as their subsectors and the features that need to be measured. This is a preliminary suggestion; it should be tested and validated with the aid of experts and professionals relevant to each of the sectors, and in line with data availability.

■ Content

The stock of cultural content available to Israeli residents directly affects their ability to use and enjoy that content. The current stock should be maintained and expanded. Measuring the stock of existing content, e.g., the number of items in museums or the number of titles in libraries, may be hard to do, and it is not always clear what such measurement means, as some content is not available to the general public due to being privately owned or housed in closed collections. It is also problematic to determine the nature and quality of content, e.g., the cultural value of a single rare coin from a given period is not identical to the value of another ancient coin of which many copies are available. Quality depends on context, and is determined by society's cultural priorities. The current usage levels of cultural content attest to current priorities, but there is cultural content of high and singular value that is little used but whose absence would be a great loss, e.g., rare manuscripts or archaeological sites of cultural significance. It is

important to sustain content of this type, and to make appropriate allocations to that end.

Due to the difficulties noted above, it is proposed that the stock of cultural content be measured with a focus on the annual output of cultural activity, that is, on the annual addition of new cultural content. When measurement is in percentages, one also obtains an estimate of stock magnitude. The usage of cultural content can also be measured as an indirect but limited indicator of the abundance and availability of existing content. Over and above these two indicators, it is also possible to measure of the diversity of new content. Content diversity is necessary to ensure a broad range of cultural options and to give expression to the democratic and pluralistic character of a society in which different people need different kinds of cultural content. Diversity can also manifest in other ways: in the values expressed in cultural content, in content genres, language, and more. For practical reasons, it is suggested that the focus be on a basic division between local and foreign content that reflects Israeli residents' exposure to cultural material from around the world. The addition of content diversity indicators would be worth considering later.²⁷

It is also appropriate to measure the stock of heritage content. The measurement of new cultural content, the usage of cultural content, and the diversity of existing content mainly reflect the fluid and evolving character of culture which, in order to flourish, requires an environment that allows and encourages new creation. However, cultural capital and cultural investment encompass not only what is new, but also that which merits preservation. Cultural wealth also depends on existing cultural content that should be

²⁷ Measuring cultural content raises difficulties with regard to the cross-border nature of cultural activity. Much cultural content is created abroad, and is accessible to Israelis from abroad. Many Israelis are exposed to major world heritage sites during vacations abroad, and many cultural creations are available and disseminated via the Internet to anyone interested in accessing them, regardless of geography. In this sense, setting national limits on cultural activity measurement would be a vague, artificial undertaking capable of providing only a partial picture, at least for some cultural fields. Additionally, Israel has many heritage sites of global importance, meaning that their preservation has additional significance beyond their importance to Israeli residents' well-being.

preserved for the present generation and for those to come. This cultural content links people with their location and past, and is thus important for their identity as well. Heritage content is cultural capital that is passed down from generation to generation, encompassing archaeology, architecture, and art. Israel is blessed with an abundance of such content. Some of it belongs to specific groups in Israeli society or elsewhere, while other elements belong to humanity as a whole. Most heritage content is unique, and the failure to preserve it may result in absolute loss. It is therefore of particular importance that the stock of this content be measured.

New cultural content indicator: Measures the number of new items added over the past year in each cultural sector, and the percent change vis-à-vis the previous year.

Usage of cultural content indicator: Measures the degree to which cultural content has been used or consumed over the past year, and the percent change vis-à-vis the previous year.

Cultural content diversity indicator: Measures the share of new cultural content added over the past year that is not of Israeli origin.

Heritage content indicator: An indicator should be created to monitor the stock of major heritage content segmented in various ways, e.g., by the heritage represented in it, by the type of content (archaeological, historical, architectural, artistic, etc.), and by the content's degree of rarity. Recognition of the importance of heritage content and its preservation manifests in legal and institutional structures established for that purpose, including heritage sites, preservation sites, national parks, archaeological

sites, and archives. These structures can be used as a basis for measuring the stock of heritage content.

■ Capabilities

Cultural abilities manifest in people with creative skills (creators) and in those with hobbyist or amateur skills (amateurs or people who enjoy, use, or consume cultural content). The core cultural capabilities manifest in the number of creators employed in cultural institutions, plus independent creators. Over time, this figure provides a picture of the net stock. Sustainability is measured via the net number of those who join and leave from one year to the next. For purposes of ensuring personal development and skill maintenance, one should also monitor the relevant training institutions. If possible, these parameters should be broken down by cultural sector.

Professionals

The work of cultural creation often requires a high level of skill, acquired through years of training. There must therefore be constant training of new skilled personnel, so as to replace those lost through retirement or death. The list of skilled personnel should be adapted to each cultural sector and subsector. In some sectors there are skills of many kinds, e.g., in music there are composers, singers, and instrumentalists.

Professionals in the cultural sector indicator: Measures the number of people with professional expertise in each cultural sector. The actual measurement process should reflect the information available and the nature of the relevant cultural activity. For some professionals, such as rabbis and other clerics, official credentials will be a possible criterion. For others, membership in professional associations, or the number of those employed in relevant cultural institutions, may be relied on.

Professionally trained graduates in the cultural sector indicator: The number of new graduates of relevant cultural institutions over the past year, by discipline. In contrast to the previous indicator, which looks at existing stock, this indicator looks at the annual addition to the stock. Also, because the stock indicator may be expected to provide only a partial picture, this indicator would provide a supplementary picture of the number of people with professional qualifications.

Basic capabilities

There are forms of cultural participation that require lower skill levels, such as amateur involvement in cultural creation, or the enjoyment of professionally produced creative products. The basic skill level of the general population can be assessed indirectly by looking at the percentage of those attending courses or enrichment activities of a cultural nature. To complement this picture, it is recommended that the focus be on the younger population (school-age and undergraduates). This type of focus has several advantages: first, young people usually acquire skills through formal education, which makes for good data availability; second, the data on this population provides a good prospect of the future. As

data accumulates from previous years, we can reach approximate conclusions about the adult population as well.

Participation in cultural courses or amateur meetings indicator:

Measures the number of participants in courses or hobbyist/ amateur meetings in the various cultural disciplines, by discipline and age (school-age or adult participants). Amateur meetings should include regular meetings not necessarily held as part of an official course offered for a fee, e.g., participation in a choir or an amateur sports league.

Humanities matriculation certificate holders indicator:

Measures the number of those who became eligible over the past year for matriculation certificates and who studied at least one humanities subject (including religion and heritage subjects) at the 4-unit level or higher, and the share of such people out of all those who became matriculation-eligible during the same year. For this indicator one could substitute the average number of weekly study hours devoted by the education system to humanistic subjects. This would likely provide a more comprehensive picture of the scope of investment and basic training in cultural fields within the education system, but might be less rigorous. The emphasis on matriculation studies is not meant to undercut the value of study in other curricular frameworks. It assigns special weight to the more serious training acquired as part of matriculation studies in concentration subjects – training that also reflects pupils' personal choice.

Humanities graduates indicator:

Measures the number of people who completed undergraduate degrees in the humanities over the past year, and their share in the total of new bachelor's degree holders. Like the previous indicator, this one can be replaced by an indicator that does not measure achievement, but instead focuses on the percentage of those studying for undergraduate degrees in the humanities. In this case as well, the alternative indicator might be less rigorous.

Training

To ensure that the level of professional and amateur skills relevant to the various spheres of culture remains adequate, attention must be paid to the training frameworks that impart those skills.

Cultural training institutions indicator:

Measures the number of existing institutions that provide advanced training in cultural disciplines, broken down by sector and type of institution (university, college, religious educational institutions, vocational school, and the like). For example, it would measure the number of university and college literature departments, the number of acting schools, etc.

Humanities faculty indicator:

Measures the number of full-time faculty members who teach humanities courses in institutions of higher education, and the percentage of these faculty members in the institution.

Graduates of cultural-discipline teaching programs indicator: Measures the number of people who received teacher certification over the past year in the various cultural sectors, by discipline.

▣ Institutions

The number of existing cultural institutions has an impact on opportunities for participating in cultural activity. However, this number can give only a general idea, as it does not measure the quality of institutions, or the volume of their activity. Accessibility of cultural institutions is also important: access via transportation, geographical and economic accessibility, and more. Israeli residents' access to cultural institutions should be as equal as possible. But because measuring the accessibility of these institutions is a complex matter, it is proposed here to measure only the stock of such institutions, and consider adding accessibility indicators at a later point.

Cultural institutions indicator: Measures the number of cultural institutions that exist in each of the cultural sectors.

▣ Funding

The funding of cultural activity is necessary for its existence. The training and activity of people working in cultural fields and employed at cultural institutions entails financial expenditure. In order to ensure adequate cultural resources in the future, appropriate funding for the resources' maintenance and development is necessary. Since 1990, Israel's national expenditure on culture, entertainment, and sports has been about 5% of GDP. In 2018 it was 4.6%, divided into cultural sectors as per Table A (see below). The expenditure is broken down by sector into two categories: demand and output.

Eighty-two percent of revenues come from household expenditure. Public funding is divided into central government funding (5%) and local authority funding (11%); funding from nonprofits accounts for all the rest. Sixty-five percent of goods and services output comes from the business sector; nonprofits supply 22%, local authorities, 11%, and the government provides the rest.

Table A. Breakdown of Current Expenditure on Culture by Type of Activity, 2018

Type of activity	Percentage of current expenditure
Music and performing arts (concerts, cultural shows, nightclubs, etc.)	22.9
Sports and games (sports clubs, swimming pools, etc.)	17.6
Socio-cultural activities (community centers)	16.1
Radio and television (television and radio broadcasting, cable broadcasting, etc.)	8.9
Nature and the environment (zoos, gardens and planting)	8.5
Computers and use of the Internet	6.3
Gambling (the national lottery and the sports lottery, excluding prizes)	6.2
Literature and periodicals	6.0
Cultural heritage (museums, antiquities)	3.1
Cinema and photography (production and screening of films, filming equipment, etc.)	2.9
Visual arts	0.8
General administration and unclassified activities	0.7

(Source: Central Bureau of Statistics, 2019b)

Thus, two-thirds of the current output of Israel's current cultural production comes from the business sector. In capital accounting, the ratio is reversed, with nearly two-thirds of the activity depending on the public sector, which also includes nonprofit organizations (see [Supplement C](#) to this chapter). Hence the public sector has

greater importance in the formation of well-being policy. The market response to changes in cultural demand is flexible. Cinema, for example, is a cultural sector sustained for the most part by the market, in a way that does not require public intervention. Yet the demand for Hebrew-language films is not usually large enough to ensure commercial profit, and government support is needed to sustain it. Market forces must be supplemented: cultural content, institutions, and capabilities, although for the most part sustainable, require long-term investment and do not provide quick returns; they are not suitable for bank credit, and cannot be adequately provided by the business sector. On the other hand, cultural capital provides forms of satisfaction that no society would wish to do without. To ensure funding for culture, the policy focus should be on the public sector, as cultural provision via the business sector sustains itself with no need for guidance, and the public sector needs to provide most of the capital required for cultural activity.

National expenditure on culture indicator: Measures the share of culture in GDP, broken down by the activities and sectors defined by the Central Bureau of Statistics (see [Supplement B](#) to this chapter). Ongoing monitoring of the financial flow in these areas of activity would provide a current picture of cultural trends. Besides these sectors, which for measurement purposes fall under the CBS cultural umbrella, there are two other areas that are not included in the calculation: expenditure on religion and the share of expenditure on education devoted to the maintenance and preservation of cultural values. If the expenditure on culture within the education system cannot be separated from the total expenditure on education, an effort should be made to estimate the share of the former indirectly, however roughly. For example, one could take the percentage

of students studying cultural disciplines in the country's universities and academic colleges, and regard that percentage as the share of expenditure on education that is allocated to culture.²⁸

■ Identities

Israel is a place of many identities. At the national level, there is a vigorous ongoing debate about the existence and attributes of an Israeli identity that is shared by all sectors of society. There are also the narrower Jewish and Arab identities, within which great diversity exists. For example, Jewish identity can be broken down into secular, religious, and ultra-Orthodox, as well as ethnic identities such as Mizrahi and Ashkenazi, as well as identities based on specific countries of origin such as, Ethiopian and Russian – all with their own unique cultural assets. Some of these identities transcend the state's borders: the Jewish identity, for example, links Israeli and Diaspora Jews. Each of these identities has gender-based subidentities, and there is also an identity that transcends gender.

The collective Israeli identity is the foundation for the social solidarity necessary for Israel's continued existence and flourishing as a social endeavor. In reality, this collective Israeli identity serves as an anchor of meaning and belonging for many. Israeli cultural capital measurement should therefore monitor the distribution and strength of that identity (see also the discussion in the chapter [Social Capital](#)).

²⁸ Measuring national expenditure on culture can shed light on the relative importance of culture in society. Another way to assess relative importance is to determine the number of workers in the cultural sector as a percentage of the total number of workers in the economy. The personal income of cultural workers as a percentage of total personal income adds a qualitative indicator. The ratio between the former and latter percentages is an indicator of worker quality in the cultural field, e.g., if the ratio is 1.5, then worker quality in that sector (per the income indicator) is fifty percent higher than the average.

Jewish identity has been a determining factor in Israel's history and in the shaping of its present character. For Israel, which was founded as the nation state of the Jewish people, this identity provided those involved in the enterprise with the necessary organizing and unifying logic. It was a major factor in shaping the country's foreign relations. It is also the foundation for the state's special relationship with the Jewish Diaspora. This relationship was and still is a strategic asset that has helped Israel survive multiple crises. Jewish identity is therefore a cultural asset of importance for well-being in Israel as a nation state. However, this identity is not shared by all Israeli residents, in particular its Arab ones. The fact that Arab Israelis do not share the Jewish identity or the various other identities that exist in Israel makes it necessary to investigate the contribution of other identities to the well-being of Israeli residents. This is an issue that is always at the center of Israeli public debate.

In light of the above, this report recommends measuring collective Israeli identity, and mapping the distribution of the various secondary identities that exist in Israeli society.

Israeli identity indicator: Measures the extent to which Israeli residents regard themselves as Israelis.

Secondary identities in Israeli society indicator: Measures the prevalence and share of various secondary identities in Israeli society, by means of self-reporting. Respondents should be allowed to list their identities and rank their importance and role in their lives. This mapping could be supplemented by statistical investigation, e.g., factor analysis, to identify major identity clusters based on the various rankings.

▣ Principal Challenges

▣ Cultural Capital in a Multicultural Society

The cultural capital resources that are important for well-being are likely to differ from person to person, and all the more so in a multicultural society like that of Israel. The challenge is to sustain all of these cultural values and assets and enhance them within an environment where certain values and assets are contested. This raises the question of fair allocation of cultural resources between different groups in Israeli society – allocation that will accurately reflect the country's existing cultural mosaic and, more importantly, allow all Israelis to improve their well-being in line with their culture. Should some parts of that mosaic be neglected, they could, over the course of generations, become extinct.

▣ The Fluidity of Culture

The particular substance of culture naturally varies: culture is an ongoing endeavor. Although this is part of what makes it compelling, and the source of ideas and new modes of expression, it also poses a challenge to those who wish to preserve, cultivate, and measure the nation's cultural capital resources. If culture varies, it is necessary to adjust the monitoring of the most important cultural aspects to the changes that they undergo. Resource allocation needs to change accordingly, and sometimes the measuring process as well. Because it is hard to predict the directions in which culture will move, or to define those directions in advance, the focus should be, as proposed in this chapter with regard to measurement, on expanding the opportunities for diverse cultural activity to the extent possible, and allowing spontaneous human effort to produce cultural content itself.

■ The Required Stock of Cultural Capital

To what level of cultural activity should we aspire, and how should we rank cultural values and assets? There are four sources for aspiration levels and priorities. The first is current volume of activity, which reflects the “wisdom of the ages.” Cultural activity remains very stable over time, and its present level represents past preferences and investments. Our first priority, therefore, is to maintain current activity levels and the hierarchy of existing cultural values and assets. This may be regarded as the base level, though the relative weight of the components is open to debate. It is necessary to be sensitive and open to the process of change. The cultural stock competes for resources with other spheres of well-being. The second source of aspiration is the participants in cultural activity – the entrepreneurs, the creators, the suppliers, and also the public. The composition of culture changes all the time, as do its usage patterns: people listen less to classical music and more to popular music, and the like. The role of both creators and audience is to inform society regarding the value of their cultural sector. The third source is international comparisons, but this must be sensitive to differences between societies, e.g., in countries’ public expenditure on culture in the narrow sense, in the content and output of the education system, and in the size of the religious sector and the scope of religious experience. This type of comparison also helps to formulate aspirations. For example, both Istanbul and Berlin have classical music education and symphony orchestras – reflecting universal cultural values. But there is a difference between the countries in per capita output, in public expenditure, and in quality. The fourth source of aspiration is the clash of identities. The multiplicity of identities in society leads to cultural, social, and political conflict among the various social groups over resources and cultural priorities. In Israeli society, there are clear and sharp lines of identity that sometimes project

mutual hostility. The lines are those of religion, ethnicity, and nationality. If there is distributional discrimination with regard to cultural capital or in other spheres of well-being, it is anchored to no small degree in the struggle between these identities.

Supplement A.

Supplementary Information on the Measurement of Cultural Capital, by Cultural Sector

Sector	Content		Abilities		Institutions
	Subsector	Usage measurement	Professionally skilled people	Training institutions	
Literary arts	<ul style="list-style-type: none"> Poetry and drama Adult fiction Children's and young adult fiction General reference Jewish or religious studies Academic literature in Hebrew (including articles) 	<ul style="list-style-type: none"> Books read Books sold Books loaned 	<ul style="list-style-type: none"> Writers and poets 	<ul style="list-style-type: none"> Departments in institutions of higher education 	<ul style="list-style-type: none"> Libraries Publishers
Performing arts	<ul style="list-style-type: none"> Theater Dance Music 	<ul style="list-style-type: none"> Attendance at performances 	<ul style="list-style-type: none"> Actors Directors and producers Composers Singers Musicians 	<ul style="list-style-type: none"> Acting schools Music schools Departments in institutions of higher education 	<ul style="list-style-type: none"> Theaters Performance venues Orchestras, choirs, and bands Promoters and agencies
Plastic and visual arts	<ul style="list-style-type: none"> Painting Sculpture Photography 	<ul style="list-style-type: none"> Exhibition, gallery, and museum visits 	<ul style="list-style-type: none"> Painters Sculptors Photographers 	<ul style="list-style-type: none"> Departments in institutions of higher education Art schools 	<ul style="list-style-type: none"> Museums Galleries
Screen arts	<ul style="list-style-type: none"> Cinema Television programs 	<ul style="list-style-type: none"> Film and television series views Cinema visits 	<ul style="list-style-type: none"> Screenwriters Directors and producers (along with performing artists) Actors (along with performing artists) 	<ul style="list-style-type: none"> Film schools Departments in institutions of higher education 	<ul style="list-style-type: none"> Cinemas Foundations funding cinema and television productions
Heritage	<ul style="list-style-type: none"> Sites, ruins, and archaeological findings Heritage sites Parks and national parks Sites and buildings for preservation 	<ul style="list-style-type: none"> Visits to heritage sites 	<ul style="list-style-type: none"> Archaeologists Preservation specialists 	<ul style="list-style-type: none"> Archaeological institutes Departments and programs in historical geography and architecture 	<ul style="list-style-type: none"> Relevant nonprofit organizations Museums
Religion		<ul style="list-style-type: none"> Visits to houses of worship 	<ul style="list-style-type: none"> Rabbis and clerics of similar status in other religions 	<ul style="list-style-type: none"> Religious educational institutions Departments in institutions of higher education 	<ul style="list-style-type: none"> Houses of worship
Sports and physical activity		<ul style="list-style-type: none"> In-person or televised viewing of professional sports games 	<ul style="list-style-type: none"> Professional athletes Coaches 	<ul style="list-style-type: none"> Sports colleges 	<ul style="list-style-type: none"> Professional sports venues Community centers Sports associations

Supplement B.

Cultural Sectors on Which the Israel Central Bureau of Statistics Collects Data

According to the Israel Central Bureau of Statistics, the classification of goods and services in the culture, entertainment, and sports sector by type of activity is based primarily on UNESCO recommendations. The classification includes (Central Bureau of Statistics, 2019b):

Cultural heritage: Museums, archives, preservation of antiquities and archaeological excavations.

Literature and printed matter: Libraries, books, newspapers and other periodicals (except textbooks and school libraries).

Music and performing arts: Theatre, dance, and concerts; nightclubs and other entertainment performances; purchase of instruments and equipment for playing and listening to music.

Visual arts: Galleries and painting, sculpture, and other arts.

Cinema and photography: Production and presentation of films; purchase of photographic and filming equipment.

Radio and television: Television and radio broadcasting; purchase of radio and television receivers.

Socio-cultural activities: Community centers and cultural activities in the community, including centers for culture, youth and sports.

Sports and games: Sports clubs, swimming pools, purchase of sports equipment, etc.; organization of games and sports competitions.

Computers and the Internet: Using the Internet, purchasing computers, and equipment for computers.

Environmental protection: Activities connected with nature and preservation of the environment.

Gambling: National Lottery and Sports Lottery.

General administration and unclassified activities: Administration of cultural, youth, and sports activities; non-profit institutions.

Supplement C.

Clarifications Regarding Funding for Culture

The Committee was guided by an approach of focusing on capital assets on which the sustainability of well-being can be based. Capital is estimated from current revenues by means of the discount rate or, in practice, the rate of interest. The higher the interest rate (or the profit that pays it), the smaller the amount of capital required in order to produce a given activity. Hence, business-generated cultural activity needs less capital investment than publicly funded cultural activity. For example, compare a musical show produced by a businessperson with one produced by a public body: the same show, the same personnel, the same expenses. The tickets for the public production are cheaper than those for the private production, and do not cover expenses. Let us assume that the profit from the private production is 6% after expenses. Based on this, the capital/output ratio for the public production is higher than that of the private production, that is, more capital is needed to achieve the same cultural output. Not-for-profit cultural activity is possible because public funding requires only a low interest rate or no interest at all. Thus, more capital resources are needed for publicly funded cultural activity than for business-generated cultural activity of the same volume. Another economic approach arrives at the same result from a different angle: culture is “public goods” that cannot be sustained at the desired level due to “market failure.” Public funding is needed to sustain public activity at the desired level, which should be beyond market considerations.

There are three main methods of estimating the capital value of current activity: net present value, internal rate of return, and payback period. These three methods are discussed in all project

appraisal textbooks. The first two are based on the principle of discounting, and are considered normative. In order to perform the calculations, one must know the initial investment, the desired profit rate, the anticipated revenues, and their timing – and all this information is usually not available with regard to current cultural expenditure. The third method is not standard, but is nevertheless widely used (Offer, 2019). The criterion is the amount of time needed to return the investment before profit and without discounting out-of-debt service. This method allows capital value to be calculated on the basis of current revenue and the interest rate. In the cultural sphere the assumption is that expenditure is what represents public benefit. When the interest rate and the current activity level are known, a capital estimate is obtained via the following formula:

$$K=e/r,$$

where K is capital in shekels, e is current activity in shekels, and r is the interest rate as a decimal.

The active variable is the interest rate. The lower the interest, the higher the capital rate needed for a given activity level. Let us assume that the interest rate for the public activity in question is the interest on government bonds. If a commercial interest rate (the minimum profit required for business activity) is 6%, and the public interest rate (government-guaranteed) is 2%, and the volume of current activity is 66 private and 33 public, then the required capital split is $66/0.06=1,100$ for the private venture, and $33/0.02=1,650$ for the public activity, that is, a capital ratio of 1.5/1 for the public activity even though its volume is only half that of the private activity.