

■ european cultural foundation

# Live classical music organizations in Europe

An international comparison of funding trends,  
governance mechanisms and organizational structures

by Marcello M Mariani

“To Francesco, Antonia and Giorgio”

**Live classical music organizations  
in Europe:  
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# Foreword

The Cultural Policy Research Award (CPRA) was created to encourage much needed research in the cultural policy field, support a younger generation of cultural policy interested professionals, and develop a network of scholars to engage in European research cooperation.

Launched as a joint venture of the European Cultural Foundation (ECF) in Amsterdam and the Riksbankens Jubileumsfond, a research foundation in Stockholm, the CPRA was conceived to make a meaningful contribution to the discipline of cultural policy research. The two foundations have worked closely to shape this initiative, supported by the expertise of a European jury of researchers and policy experts.

Both foundations felt strongly the need to strengthen the base of qualified people to carry out research not only in the arts but on cross-cultural matters and with a strong cultural policy dimension. Hence, the CPRA encourages research that has an applied and comparative dimension in order to stimulate debate and inform cultural policy-making within a European perspective.

Based on an annual European-wide competition, the CPRA jury selects a cultural policy research proposal to be carried out by the award-winning candidate within one year. The selection is based on the candidate's previous research accomplishments, on the relevance and quality of the research proposal, as well as their curriculum vitae.

The target group is young researchers, scholars, or policy-makers (under the age of 35) from all European countries. Candidates must be educated to MA level in social sciences, art and humanities, or public policy research. The selected applicant is awarded the prize and a grant of Euro 10.000 at the occasion of an international cultural policy related conference.

In 2006, the CPRA went to Marcello M. Mariani, Assistant Professor at the Department of Management at the University of Bologna. His research project *Live classical music organizations (LCMOs) in Europe: an international comparison of funding trends, corporate governance and organizational structures* proved particularly difficult in the environment where little comparative data is available, and competition is high. The research is based on an analysis of facts and figures but also on numerous interviews with professionals from the field of live classical music, as well as cultural policy-makers, public funding bodies, trade unions, and academics.

The research, from its earliest stage to its final report, proved to be a very intense and challenging exercise. By outlining interesting trends and facts it has deepened our knowledge of live classical music organizations in six EU countries (France, Italy, Germany, Poland, Sweden and the United Kingdom). In trying to formulate key findings and recommendations it could facilitate informed policy decisions in this sector.

Marcello Mariani managed to assess correlations between public and private funding and productivity of LCMOs, in the context of their intrinsic 'income gap' feature. He highlights the diversification of ownership, shifts in governance (national-local-private) that affect the market and also the competition in the sector. He also proposes concrete recommendations for overcoming the existing gaps and challenges in studying financial and managerial aspects in LCMOs in Europe.

We wish to thank the CPRA Jury, chaired by Prof. Dr. Milena Dragicevic-Sesic (University of Arts - Belgrade), for its huge and continued investment in the initiative without which this cultural policy research endeavour would not have been possible. We are also grateful to the CPRA text-editor, Janet Hadley, for working so thoroughly on the completed research paper, and so closely with the ECF.

Last not least, we wish to thank the Riksbankens Jubileumsfond for partnering ECF in this initiative which supports and invests in young talent in cultural policy research.

Isabelle Schwarz  
*Head of Cultural Policy Development, European Cultural Foundation*

# Key messages

## Live classical music organisations in Europe: An international comparison

This study is a preliminary comparative analysis of cultural policy towards the European classical music sector with an in-depth economic perspective rooted in empirical research.

The research describes funding and financial trends, governance mechanisms and organizational structures of more than 150 publicly subsidized classical music institutions – ie live classical music organizations (LCMOs) – operating in six European countries (Italy, France, Germany, Poland, Sweden, UK) over the last ten years. The trends and statistics are analyzed not only by looking at the actual structures, but also by researching the perceptions and viewpoints of relevant experts and professionals in the sector.

The study:

- offers a methodological reflection on the use, abuse, misuse of cultural statistics and financial data of individual classical music institutions
- describes several features of the circumstances of classical music organizations in selected countries with a focus on the current cultural policy debate and a particular emphasis on
  - o the reallocation of public funding responsibilities for classical music between different levels of governments
  - o the processes of *désétatisation* – a shift from state monopoly over organizations towards diversified ownership and changing their legal status to private organisations, foundations or associations – and the impact of the aforementioned processes on governance mechanisms
  - o the emergence of several interesting organizational structures/phenomena
- reconstructs and compares crucial economic trends through statistics and quantitative data for relevant samples of publicly subsidized classical music organizations.

The analysis tries to bridge a gap in the existing research, but also to give a comparative perspective to our knowledge of the classical music sector. This seems crucial if we consider that several of the recent transformations triggered by decisions about cultural policy in the classical music sector, such as the privatization of the Italian *enti lirici* – the major operatic institutions in Italy – that has taken place since 1999 have not been guided by a proper knowledge of the sector and as a consequence have often generated unexpected and perverse outcomes such as what has been termed as ‘creeping Thatcherism “Italian style”’: a largely benevolent attitude to the issue of human resources, glossing over problems of labour organization and productivity, coupled with a much more guarded attitude towards financial resources, with implicit substantial cuts being made without outside any explicit strategy (Sicca and Zan, 2005; Mariani, 2008b).

## The value of classical music

- Many interviewees – both cultural policy-makers and managers of LCMOs – value classical music as something whose consumption is socially desirable, deserving of funding through the public purse (what economists term as “merit goods”)
- Classical music is not European listeners’ favourite musical genres, surveys show

## Funding

- The sources of income for live classical music organizations in Europe are becoming more varied
- Most still depend significantly on public funding from all levels of government
- The more that an organization diversifies its public funding – from state, regions, provinces, municipalities – the higher its chances of staying solvent
- In most countries organizations are trying to increase the proportion of income that they receive from the private sector
- Accurately assessing live classical music organizations’ income structures is difficult – financial data, both from public bodies and individual organizations is often unavailable or inconsistent
- Firm conclusions about the future of live classical music organisations are therefore open to question

## Accountability

- Live classical music organization managements are gradually improving their organizations’ accountability to external stakeholders, both public and private
- Because the public sector still dominates the funding picture, politicians – at all levels of government – remain the most important group of external stakeholders
- Public sector support boosts funding but does not necessarily stimulate improvements in organizational efficiency, effectiveness, or accountability
- Sometimes public sector ‘arm’s length’ support has been undermined by a resumption of direct political control
- As the proportion of income coming from sources other than the public sector (ie private and third sector) increases, organizations will need to become more accountable to stakeholders such as attendees, donors, corporations and foundations



## Rationalizations

- In the last ten years the number of live classical music organizations (LCMOs) has not fallen significantly
- Rationalization plans are, however, likely to reduce the number of organizations, especially in regions where now there is a higher concentration of LCMOs
- In some countries local governments are forcing orchestras and opera houses to cooperate with each other in order to be more efficient in their use of resources

## Current trends

- Responsibility for public funding and the administration of LCMOs in Europe has undergone or is undergoing decentralization and regionalization
- Reallocation of public funding responsibilities for LCMOs from central to local governments may lead to a change in the boundaries of the community within which classical music is valued as a 'merit good'
- A new inter-organizational dynamic – 'coopetition' – is ongoing in Germany and in Italy: several rival opera houses have been required to cooperate with each other. They are currently competing and cooperating at the same time
- In many continental European countries live classical music organizations have undergone a process of 'désétatisation', a shift towards diversification of ownership and especially changes of the legal status to private organisations, foundations or associations
- Cultural policy-makers have sometimes characterized the above shift as a substantial privatization, but there may have been no significant changes in the structure and composition of the boards and of governance mechanisms
- If listeners and attendees of classical music decrease it is not clear whether politicians of the future will still see classical music as deserving of public support
- The survival of LCMOs may be more likely if they are encouraged to cooperate at a local level, with co-productions, sharing of artistic ensembles and joint commissioning of new music.
- Individual organizations may survive if they can secure the support of politicians at different levels of government and public funding institutions, as well as private funding bodies and individual donors; they will also need to maintain and build their attendance numbers

## Looking to the future

- Public funding is likely to become an increasingly small proportion of LCMOs' total incomes
- Unless private sector money more than makes up for the fall in public sector funding live classical music organizations may be forced to cut their costs
- Cost-cutting may involve what is regarded as a 'debasement of the product' – what economists have called a 'suppressed form' of Baumol disease (see page 19)
- There is likely to be significant rationalization of LCMOs and their activities
- There may be strategic alliances, joint ventures or even mergers between LCMOs, especially in places with the highest concentration of LCMOs
- There may be experimenting with different forms of labour organization with more emphasis on cooperation on certain (portions of) production activities or projects
- Increasing reliance on private and third sector income may lead to more conventional and less varied programming and less artistic experimentation
- Reducing the variety of artistic programmes could make the chances of further rationalization more likely
- LCMOs of national and international relevance will probably be the best protected against drastic reduction of public funding, sometimes at the expense of central government subsidies for the smallest organizations
- The smallest organizations may be forced to increase the conventionality of their programmes
- LCMOs with permanent staff will adopt different types of employment contracts
- Short contracts will replace the pattern of permanently employing technicians and artists
- Mechanisms to assess the artistic performance of musicians and singers will be introduced
- LCMOs (especially opera companies) particularly dependent on public funding and adopting a stagione model of production will increase their productivity in order to better justify their receipt of taxpayers' money.



# 1

## Introduction

Since 1939 the 1st January has been marked by the New Year's Day Concert of the Vienna Philharmonic Orchestra and the event is broadcast, live, all over the world to an estimated audience of one billion in more than 50 countries, mostly European.

Is it a coincidence that such an important moment is associated with traditional classical music?

Classical music in Europe (encompassing such genres as opera, operetta, symphonic and chamber music, and so on) has a long-established tradition and represents not only a cultural landmark but also a matter of national pride for many European countries. Opera, operetta, symphonic and chamber music, as broadly defined music genres, are the by-products of centuries of evolution and have often played a paramount role in the cultural sector of many European countries. Opera, for instance, was born in Florence at the end of the 16th century and then blossomed in other Italian cities, spreading gradually around the world.

Almost all the European capital cities host one or more classical music institutions that are widely recognized as major players in the wider cultural sector. Here are just a few, in the capital cities of the countries analyzed in this report.

Berlin has

- Berliner Philharmoniker
- Deutsche Oper Berlin
- Komische Oper
- Staatsoper Unter den Linden.

London has

- London Symphony Orchestra
- London Philharmonic Orchestra
- Royal Opera House
- English National Opera.

Stockholm has

- Kungliga Operan
- Folkoperan.

Paris has

- Opéra National de Paris
- Orchestre de Paris.

Rome has

- Teatro dell'Opera
- Orchestra dell'Accademia Nazionale di Santa Cecilia

Warsaw has

- Teatr Wielki Opera Narodowa
- Filharmonia Narodowa.

Nor should we forget the other European capital cities, such as Vienna, that play a major role in classical music, with its *Wiener Philharmoniker*, *Wiener Symphoniker*, *Wiener Staatsoper*, and the *Volksoper Wien*. And there are equally internationally renowned classical music organizations in cities that are not capitals: for example, Milan's *Teatro alla Scala* and Verona's *Teatro Arena di Verona* symbolize Italian opera.

In the minds of many, organizations such as these are reference points, not only because they sometimes occupy historic buildings hosting the most renowned classical music performances, but also because they are seen as symbols of 'high music' and of the fine arts. European governments have historically played a fundamental role in subsidizing those institutions in particular and classical music in general, especially since World War II. Indeed there has been a strongly held social value ascribed to the idea that classical music is meritorious, and that listening to it is socially desirable, regardless of individual preferences<sup>1</sup>. Moreover, central (and in some decentralized countries local)

<sup>1</sup> This idea is well represented by the economic concept of 'merit good' introduced by Richard Musgrave in 1957. I will elaborate on this concept in section 2.

governments often designed and implemented cultural policies rather unsystematically, incorporating classical music organizations into the public sector. For example, as Ruth Bereson suggests, opera 'has performed the function of legitimizing the power of the state through the use of ceremonial ritual since the beginnings as entertainments performed in the ducal palaces of Italy in the sixteenth century'(Bereson 2002: 3).<sup>2</sup>

Since the beginning of the 1990s in Europe there has been a widespread reduction of public spending on cultural items. Several cultural institutions were pushed to look for dependable financial support for their projects from charitable foundations, investors and other funding bodies, such as commercial sponsors. At the same time, many cultural activities have undergone a widespread decentralization in the way they are administered. What some refer to as *désétatisation* – a shift from state monopoly over an organization towards diversification of ownership and especially changes of the legal status to private organisations, foundations or associations – quasi-privatization, and deregulation has characterized the wider public sector as a whole, and cultural organizations in particular.

To my knowledge, in-depth cultural policy research on how such radical changes have affected the subsidized classical music landscape over the last ten years is scant. The extant body of literature has not paid particular attention to the economic and organizational features and characteristics of the classical music sector, despite the fact that, 'effective public policy depends on the policymaker's understanding of the economic behaviour that the policy affects' (Caves 2000: viii).

This study is a comparative analysis of cultural policy towards the European classical music sector with an in-depth economic perspective rooted in empirical research. Indeed it is my conviction that the scarcity of empirical studies on this specific sector constitutes a danger for that sector. Without an analytical perspective and an awareness of policies elsewhere policy-makers may put into effect changes that inadvertently trigger unexpected and perverse outcomes. This is what has happened as a result of the privatization of the Italian *enti lirici* (the major opera houses) that has taken place since 1999 (Mariani 2008b, 2008c; Sicca and Zan 2005): while their legal forms have changed from public to private, there have been only marginal and formal changes in the structure and composition of the boards and of governing mechanisms of those institutions. As a result the issues of labour organization and productivity remain.

Within the framework of current cultural policies, partially reconstructed by means of the *Compendium of cultural policies and trends in Europe* (ERICarts/Council of Europe, 2007)– probably the key reference publication as far as cultural policies in Europe are concerned – this research explores and describes funding and financial trends, governance mechanisms and organizational structures for a significant number of publicly subsidized classical music institutions operating in six European countries (Italy, France, Germany, Poland, Sweden, UK) over the last decade. Those trends and structures are analyzed not only by looking at quantitative information, but also by researching the perceptions and viewpoints of relevant professionals and experts in the music sector.

<sup>2</sup> Bereson's thesis is that 'opera houses are useful for the state, and supported by it, for purposes quite other than cultural' and that 'governments treat opera houses as monumental constructs which serve to legitimize, through the use of ceremony and ritual, the power of the state' (Bereson 2002: 15).

The study:

- offers a methodological reflection on the use, abuse, misuse of cultural statistics and financial data of individual classical music institutions
- describes several features of the circumstances of classical music organizations in selected countries with a focus on the current cultural policy debate and a particular emphasis on
  - o the reallocation of public funding responsibilities for classical music between different levels of governments
  - o the processes of *désétatisation* and the impact of the aforementioned processes on governance mechanisms
  - o the emergence of several interesting organizational structures
- reconstructs and compares crucial economic trends through statistics and quantitative data for relevant samples of publicly subsidized classical music organizations.

The study is structured as follows. Section 2 offers an overview of the theoretical background and sketches some of the major features of comparative research into cultural policy in Europe, public and cultural policies for the performing arts and new public management in the cultural sector.

Section 3 provides some definitions and then illustrates the empirical setting, data and methodology of the analysis.

In Section 4 the empirical findings are critically elaborated and presented by means of cross-country comparisons emphasizing similarities and differences. The fifth section summarizes the major findings, illustrates several methodological reflections and policy recommendations and lastly suggests new paths for further international comparative cultural policy research on the classical music sector.

# 2

## Theoretical background

Classical music institutions have rarely been at the very core of comparative cultural policy inquiries: particularly when we consider that surveys on the European classical music sector over the last decade are scarce. The study recently conducted by D'Angelo (2006) on *Perspectives de gestion des institutions musicales en Europe* [An overview of the management of European musical organizations] is to a certain extent, an exception. Organizations operating in the classical music field have been analysed either as a part of the so-called creative and cultural industries or as a part of the broad category of performing arts organizations, rarely mixing a managerial and economic analysis with a cultural policy perspective.



## 2.1. Comparative cultural policy research in Europe

Comparative cultural policy research in Europe has recently grown in importance. Some of the major contributions (it is not an exhaustive and detailed list) that served as theoretical reference points for this analysis are illustrated in the following subsections.

### 2.1.1. *The Council of Europe and cultural policy research*

Over the last 20 years, the Council of Europe (and particularly since 1997 the Cultural Policy and Action Department's Research and Development Unit<sup>3</sup>) has produced research on a variety of significant themes within the cultural domain.

Among these themes, we can identify the following: cultural cooperation (Terrillon-Mackay 2000; Grosjean 1997); cultural policy-making (Mundy 2000; Matarasso and Landry 1999; European Task Force for Culture and Development 1997); cultural governance (Fisher and Fox 2001; Heiskanen 2001; Ilczuk 2001; Inkei 2001; Everitt 1999); cultural management (Mundy 2002; McIlroy 2001; Myerscough 2001); cultural diversity (Robins 2006; Bennett 2001a; Bennett 2001b); culture and conflict prevention (Galtung 2002); cultural policies at local level (Landry 2003; D'Angelo 2000; Rellstab 1999; Delgado and Martinell 2006); cultural policies at regional level (D'Angelo and Vespérini 2000; Bassand 1993); cultural policies at national level (ERICarts/Council of Europe 2007; D'Angelo and Vespérini 1999; D'Angelo and Vespérini 1998; Myerscough *et al* 1997; Wangermée 1993); education and training (Brown 2003; Robinson 1997); work and employment (Capiou 2000; Feist 1999).

Despite the significant amount of themes dealt with and the specific contribution by Mundy (2002), scarce attention has been devoted specifically to the performing arts sector. Some now rather dated but very interesting studies were produced by Menger (1980), Blaukopf (1985), Davies (1985), Wangermée (1985) within the Council for Cultural Cooperation (Council of Europe). Horak (1989), Laing (1999) also wrote interesting studies on the music sector with a cultural policy perspective.

Indeed most of the research focuses on cultural sectors other than the performing arts, such as archives and libraries (Kecskeméti and Székely 2005); books (Rouet 1999; Baruch 1994); new information technologies (Jeffrey and Nayman 2001); media (Milev 2000; Musso 1995); museums (Mason 2004), and cultural heritage (Dolff-Bonekämper 2004).

In research on the performing arts sector, Mundy (2000) says that, 'the state can never make enough money to satisfy all the aspirations of those involved; on the other hand the performing arts try to expand and make what they produce bigger and better. ... The balance for government is to provide enough finance to ensure continual development and access to high quality arts for the citizens, wherever they live' (Mundy 2000: 61).

Mundy also affirms that, 'in the case of most performing institutions (whether based in a building or not) in the European fiscal system, this [public funding] is likely to be between 50% and 70% of the total budget, leaving 10–15% to be derived from sponsorship and the remainder from ticket sales, endowment income, production spin-offs and ancillary merchandise sales'.

My research will also serve, besides its other objectives, to provide a more fine-grained picture of the financial structures of classical music institutions.

Since 1986, the Council of Europe has organised its programme of national cultural policy reviews, evaluating every year one or two European countries' national cultural policies, with the aid of internationally renowned experts. So far some 30 reviews have been published, including reviews of the countries that I have examined in my research – France

<sup>3</sup> The Council of Europe's Cultural Policies Research and Development Unit is a permanent service activity of the council's Cultural Policy and Action Department. Set up in 1997, its main objective is to improve the efficiency, relevance and dissemination of the work carried out by the department. The unit's key function is to act as interface between the information generated inside and outside the department, and the application of this information in the formulation and development of democratic cultural policies in the member states of the council.

(Wangermée 1991; Delvainquière 2007); Germany (Sievers and Wagner, 2007); Italy (Gordon 1995; Bodo 2007); Poland (Ilczuk 2007), Sweden (Myerscough 1990; Reitan 2007) and UK (Fisher 2007).

In 2000 the council published its first condensed and updated edition of basic information collected through the reviews, under the title *Cultural policies in Europe: a compendium of basic facts and trends* and this compendium has since then been updated almost every year. At the time of writing, the compendium covers 35 countries and is widely regarded as the major reference work for cultural policies in European countries. It is edited by the Council of Europe/Cultural Policies Research and Development Unit and the ERICarts (European Institute for Comparative Cultural Research).

#### 2.1.2. 'The Compendium of cultural policies and trends in Europe'

The main strength of the compendium is the consistency of its structure for presenting data in its country profiles. Each country profile includes:

- (a) historical perspectives on the role of cultural policies and instruments
- (b) competence, decision-making and administration
- (c) general objectives and principles of cultural policies
- (d) current issues in cultural policy development and debate
- (e) main legal provisions in the cultural field
- (f) financing of culture
- (g) cultural institutions and new partnerships
- (h) support to creativity and participation
- (i) sources and links.

Its second major strength is that it is compiled with the aid of a dedicated group of independent national experts in cultural policy (one or more per each country).

#### 2.1.3. 'Financing the Arts and Culture in the European Union'

Another useful piece of background research is the report *Financing the Arts and Culture in the European Union* by Klamer *et al* (2006). Partially a meta-analysis and comparative reading of the compendium – see above – the report quantitatively describes the various sources of financing culture in Europe over the period 2000–2005. It focuses on the public sector, the market and the non-profit sector and explains data in a wide cultural policy frame, including the analysis of policy priorities, decision-making patterns and administrative organisation.

The analysis covers direct public financial support (subsidies, awards, and grants, as well as lottery funds provided by central and lower levels of governments); indirect public financial support (tax expenditures); private financial support from non-profit organisations, business organisations and individual donations.

Among the major findings of the analysis are the following<sup>4</sup>:

- 'Data for the period under consideration were frequently unavailable or not comparable.
- In general, a process of decentralisation and *désétatisation* has taken place (and still is taking place). Most countries have started a process aiming toward the reorganisation of the administration responsible for cultural matters, turning to a more active involvement of lower levels of government and arm's length bodies.
- National governments support cultural activities by means of direct and indirect subsidies (the former consist of subsidies, grants and awards, the latter of tax expenditure). Although data for indirect subsidies are difficult if not impossible to obtain, in some cases, this type of indirect support appears to be as important as direct support.
- In many countries, lottery funds for culture are significant; their collection and redistribution varies from country to country.
- Indirect support for culture through taxes is developed differently among countries, although there is a general trend towards the introduction of legal measures for tax benefits for donations or sponsorships in the cultural sector. There are also initiatives to stimulate people's intervention in favour of third sphere (non-profit) organisations in the cultural sector.

4 They are transcribed here literally.

- Acknowledging the potential of the private sector (third sphere and market) for the financing of the arts benefits the cultural sector as a whole. There is little explicit acknowledgement of the importance of the third sphere (non-profit). Even so, its role appears to be increasingly significant. Similarly, a shift toward a more positive attitude with respect to private business support is noticeable.
- Governments (local and central) still remain the largest supporters of culture in comparison to the other sector. Nevertheless, the three spheres – government, market and third (non-profit) sphere – operate simultaneously and their intermingling is more the rule than the exception' (Klamer *et al* 2006: iii-iv).

The authors make a range of recommendations to decision-makers at local, national, and international levels, about:

- the importance of the availability of data and information on the financing of culture and arts
- the identification of additional sources of funding for culture and the arts
- possible ways to boost peoples' awareness of the importance of supporting the arts and culture.

#### 2.1.4. Other contributions

Besides the European Research Institute for Comparative Cultural Research on Policy and the Arts (ERICarts), a number of other European research bodies actively engage with cultural policy issues, including:

- *European Cultural Foundation*, Amsterdam (The Netherlands)
- *Boekman Foundation*, Amsterdam (The Netherlands)
- Centre for Cultural Policy Studies, University of Warwick, Warwick (UK)
- *Department of Cultural Policy and Management*, City University London, London (UK)
- *Institute for International Relations*, Zagreb (Croatia)
- *CIRCLE* (Cultural Information and Research Centres Liaison in Europe), Warsaw (Poland)

Several academic journals feature interesting contributions to cultural policy, such as<sup>5</sup>:

- *Journal of Comparative Policy Analysis*
- *The Review of Policy Research*
- *Journal of Arts Management, Law and Society*
- *Journal of Cultural Economics*
- *International Journal of Arts Management*
- *Journal of Common Market Studies*.

Research on social policies for the performing arts is acquiring an increasing importance. This reflects the increasing emphasis that has been given to putting into effect values such as social inclusion and intercultural dialogue. The promotion of social inclusion through good practice in music education, for example, is one of the most interesting projects realized recently by the European Music Council.

## 2.2. Public and cultural policies in the performing arts

### 2.2.1. Economics of the performing arts and the 'Baumol disease'

Forty years ago cultural economists were considering the performing arts. In their seminal work, Baumol and Bowen (1965, 1966) elaborated an economic model that is useful to analyse long-term developments in the performing arts. The model is based on the observation that:

- (a) the labour-intensive performing arts sector does not benefit from technological progress as much as other sectors do
- (b) the tendency for wages in the arts sector to follow wages elsewhere leads to ever-increasing costs.

Without intervention, ever-rising seat prices will result in fewer and fewer attendances, ultimately threatening the existence of the performing arts themselves. This is what has become known as the Baumol cost disease. Only an increase of financial resources may be able to compensate for the increasing costs, in other words subsidies should keep pace with increasing costs, in order to preserve the artistic output, both in its current form and at the existing level.

<sup>5</sup> The *Journal of Cultural Economics* and the *International Journal of Arts Management* are mostly concerned with economy and management respectively, although from time to time they include papers that focus on cultural policy.

This reasoning offers an important argument for those seeking non-ticket income for the arts (under the form of corporate sponsorship, or money from charitable foundations and donors) and especially government support for the arts.

What I have described above is the so-called 'acute' version of the Baumol cost disease. There is also a weak, or 'suppressed' form of Baumol cost disease that occurs when performing arts organizations 'debase the product' (Baumol and Baumol, 1985b: 222) with cost-cutting strategies, such as reducing rehearsal time, opting for smaller cast sizes, going for larger theatres, simpler sets, choosing fewer modern works for which copyright fees have to be paid (Throsby and Whitters 1979), and so on in order to survive.

Using this model supplied by Baumol, (in particular the 'suppressed' form of disease) cultural economists have examined the impact of public subsidies on repertory innovations (Martorella 1997; Heilbrun 2001; Pierce 2000; O'Hagan and Neligan 2005) and analyzed the effects of cost increases for performing arts organizations (Throsby and Whitters 1979; Whitters 1980; Baumol and Baumol 1985b).

Even if the consequences of the 'Baumol disease' has been criticized by later scholars (Netzer 1978; Peacock *et al* 1983; Schwarz 1987; Singer 1987; Felton 1994; Kesenne 1994; Peacock 1996) who have argued, for example, that productivity gains may after all be achieved – by shifting from highly labour-intensive productions to less labour-intensive productions – it has remained the dominating paradigm and analytical framework in cultural economics.

### 2.2.2. *Other studies on the performing arts*

Other interesting studies with an economic and cultural policy focus on the performing arts include the analyses by Hansmann (1997) and Towse (2001), both of whom have looked at governance structures in performing arts organizations and the research by D'Angelo (2006), who has carried out a research on governance in classical music institutions.

Moore (1968) dealt with the economic characteristics of the American theatre. Kurabayashi and Matsuda (1988) provided several insights on the social and economic characteristics of the Japanese symphony orchestras and opera companies. Krebs and Pommerhene (1995) conducted an inquiry on the political-economic interactions between German theatres and Schulze and Rose (1998) dealt with financial issues for German public orchestras. Wahl -Zeiger (1980) has conducted a comparative research on theatres and orchestras in Anglo-American and German contexts. Frey (1994) analyzed the economic characteristics of music festivals. Rosenbaum (1967) dealt with the financial evolution of symphony orchestras in the USA. O'Brien and Feist (1995) examined employment in the artistic sector in England starting from 1991. Felton (1992, 1994) has investigated demand for the performing arts, with a model describing the demand for opera tickets and Levy-Garboua and Montmarquette (1996) analysed the demand structure for theatre. Cummings and Katz (1987) have dealt with the intervention of governments in favour of the arts in Europe, North America and Japan. Throsby (1990) and Urrutiaguer (2002) have studied the perception of quality in theatre.

A further interesting research stream is widely described as 'impact studies'. These examine the economic impact – for example, on income, employment, pro-capita consumption, and so on – of an individual cultural event on the economic and cultural life of a city, region, and nation (Cwi-Lyall 1977; Myerscough 1988a, 1988b). Several have looked at the classical music sector, especially with reference to music festivals, but also to year-round established organizations (Bonnafoos-Boucher *et al* 2000).

### 2.2.3. *Classical music as a 'merit good'*

As Baumol (1987: 100) points out, the cost disease alone might not be a sufficient reason for government intervention in the performing arts. The case for government support may be based upon other grounds, for example, because consumption of a certain 'good', such as 'classical music' is perceived as being socially desirable regardless of individual preferences, since it has benefits (economists call them 'positive externalities') on the overall community. That kind of good is defined as a 'merit good'. The concept of merit good, first introduced by Richard Musgrave (Musgrave

1957a; 1957b), is something that is judged socially desirable on the basis of a norm other than respecting consumer preferences.

Musgrave says that the conditions for existence of a merit good are that:

- there are preferences (constitutional preferences) that characterize the society/community as a whole (even if they are not explicitly expressed)
- even if social/community preferences clash with some aspects of individual preferences, the former are considered more valuable than the individual preferences, since they characterize the history and distinctive features of the society/community as a whole
- forms of paternalism (through subsidies, for example) are realized in conditions of high inequality.

For a good to be a merit one, Musgrave stated that there should be a form of paternalism on behalf of a government or other donor providing such a good because the government (or donor) believes that doing so responds to the needs of society as a whole, even if supporting that good may be in conflict with individual preferences and consumer sovereignty (Musgrave 1957a).

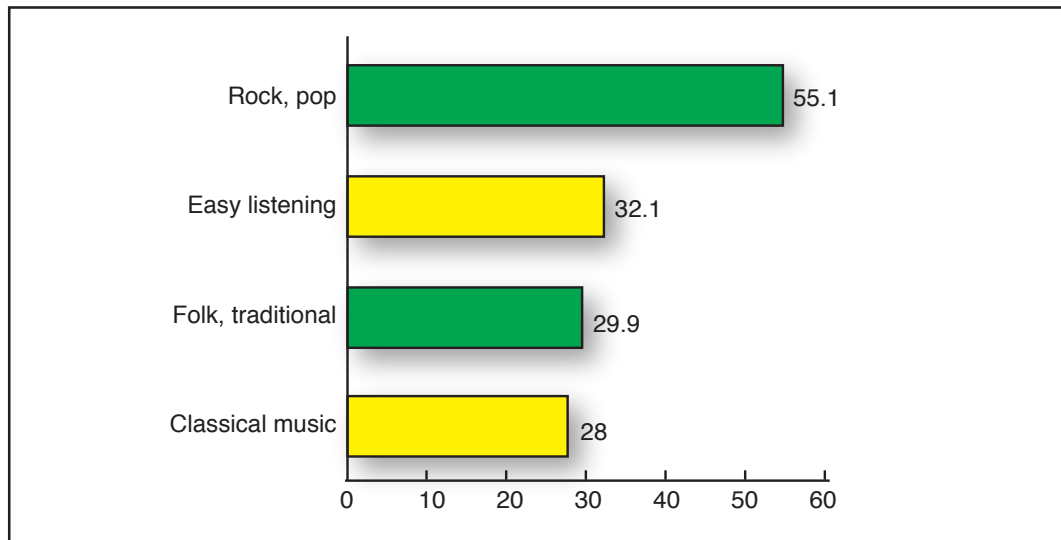
Given this premise, we may argue that one of the major rationales for public support to classical music since World War II has been the idea that classical music is something whose consumption is socially desirable regardless of individual preferences, since it generates benefits ('positive externalities'), such as the protection and preservation of the musical heritage and the strengthening of the national identity on the overall community.

There are no accurate figures about individual preferences for classical music in the European Union. The two most up-to-date and relevant surveys have been commissioned and are published by the European Commission Directorate General Education and Culture (coordinated by the Directorate General Press and Communication):

- The Eurobarometer survey of *Europeans' participation in cultural activities* (The European Opinion Research Group, 2002)
- The Eurobarometer survey of the *New Europeans and Culture* (Magyar Gallup Intézet, 2003).

The 2002 survey, looking at the population of the European Union member states, aged 15 years and over, concluded that classical music is Europeans' least popular music genre. Most European citizens (55.1 per cent) listen to rock and pop music and the next most popular category – for 32.1 per cent – is 'easy listening'. Almost one-third of respondents (29.9 per cent) mentioned liking folk and traditional music and slightly fewer (28 per cent) listen to classical music. Although 50 per cent of those surveyed reported having attended rock/pop concerts, only 23.9 per cent had attended classical music concerts. Figure 2.1 shows the figures.

**Figure 2.1 – Type of music listened to by Europeans (as a percentage of the population listening to music)**



Source: The European Opinion Research Group (2002). Report commissioned by the European Commission Directorate General Education and Culture

The 'new Europeans' survey, conducted in 2003 on the population, aged 15 years and over, in the countries applying to become members of the European Union (known in EU jargon as 'candidate countries'), came to a similar conclusion as far as classical music is concerned. The most popular category of music among the candidate countries' populations was folk/traditional music (53 per cent). Slightly less than half (47 per cent) of the population preferred the easy listening genre and more than one-third chose the rock/pop category (35 per cent). Classical music was ranked fourth (24 per cent).

Both surveys indicate that only a minority of individuals in the European Union listen to classical music.

### 2.3. New public management in the cultural sector

During the 1980s managerial practices typical of the private sector were introduced into public administration in countries such as Australia, Canada, New Zealand, the UK and the USA, often on the basis of a body of administrative principles known as 'new public management' (NPM) (Aucoin 1990; Hood 1991; Berzelay 1992; Osborne and Gaebler 1992). The main aim of these principles was to encourage outsourcing and privatization of public services (Panozzo 2000).

According to Llewellyn and Northcott (2004), NPM highlighted accountability – the role of managers in public administration held responsible for justifying their actions (Lapsley 1996; Llewellyn 1996). NPM also emphasized performance measurement through rating and benchmarking systems (Fitzpatrick and Huczynski 1990; Bendell *et al* 1993; Bowerman *et al* 2001; Walgenbach and Hegele 2001). This second aspect of NPM became prevalent starting from 1995, shifting the attention 'from market to metrics' (Llewellyn and Northcott 2004), and in particular on 'accountingization', the introduction of more and more detailed categories of costs (Hood 1995).

The wave of privatization and outsourcing that has taken place in the USA over the last 35 years (Stewart and Ranson 1988; Stewart and Walsh 1992) has been copied in other countries, despite doubts that have been expressed about the appropriateness of applying NPM principles to different national contexts (Hood 1995; Gherardi and Jacobson 2000; Pollitt 2002).

In this sense it is an open question to what extent this process has been incorporated in the European national cultural sectors in general and the classical music sector in particular.



# 3

## **Empirical setting, data and methodology**

In this section I clarify several methodological features of this study.

First I define what is understood by live classical music organizations.

Secondly, I describe several major characteristics of the six European countries that I have selected. Thirdly, I elucidate the sources of my data.



### 3.1. Defining live classical music organizations

There is no universally accepted definition of classical music in current social sciences literature and beyond. While economists, sociologists and cultural policy scholars refer broadly to the ‘performing arts’ or even to the ‘classical music sector’, when it comes to planning empirical studies they usually focus on a specific artform, such as operas (Sicca, 1997; Pierce, 2000; Mariani, 2005a, 2005b, 2008a, 2008b, 2008c, 2008d; Sicca and Zan, 2005), rather than orchestras (Schulze and Rose, 1998), chamber music ensembles, (Sicca, 2000) and music festivals (Frey, 1994; Negrier and Jourda, 2007).

The term ‘classical music’ is to a certain extent an imprecise term because it can have:

- a narrow and arbitrary meaning: it is deployed in the music history to indicate the period 1750–1820, when many of the norms of composition, presentation and style were established and when the piano started becoming the predominant instrument for keyboard performance and composition
- a broad and arbitrary meaning: according to *The Concise Oxford Dictionary of Music*, classical music is music produced in, or rooted in the traditions of, Western arts, ecclesiastical, and concert music, encompassing a broad period from roughly 1000 to the present day (Kennedy 2007).

According to D’Angelo (2006), the term ‘musical institutions’ covers ‘a large variety of activities in the realm of classical music; going from concerts and lyrical theatre (as much in permanent programmes as in the form of festivals) to high-level music schools, academies, conservatories or specialized universities, passing through international competitions’ (D’Angelo 2006: 1). I have adopted a definition that is somewhat narrower than D’Angelo’s and coined the term ‘live classical music organizations’ (LCMOs).

By LCMOs I refer to: publicly subsidized established institutions either producing or presenting live classical music (in its broad meaning – see above), on a continuing basis<sup>6</sup> (for at least two years before October 2006, when this research began) and in a professional fashion, excluding training institutions, such as conservatoires and musical competitions. Of course this definition has several limitations<sup>7</sup>. First – all else being equal – it is difficult to make comparisons, because some LCMOs are integrated into larger performing arts organizations dealing also with theatre. Examples would include several minor Italian opera houses – *teatri di tradizione* – and a significant number of German public theatres – *Öffentliche Theater* – managing simultaneously both classical music seasons: (an opera and/or symphonic season) and also a drama season.

Secondly, this definition does not take into account the fact that classical music organizations are deeply integrated with their social context and they can be seen as part of a system of organized action consisting of the strategies of individual and collective actors that render individual organizations dependent on each other (Crozier and Friedberg 1980).

In order to avoid this drawback, besides considering the individual LCMOs as units of analysis, I have adopted different levels of observation, looking at the:

- organizational level (with a focus on individual classical music institutions)
- national industry level (with a focus on industrial dynamics)
- cultural policy-making level (with a focus on the major actors dealing with cultural policies in the classical music field).

<sup>6</sup> Here we managed to consider only a portion of the European music festivals. They have a long tradition that dates back to the foundation of the England’s Three Choirs Festival (Mundy 2000), and that has blossomed since the foundation of the Salzburg Festival in 1920. Several social science studies have been carried out on these institutions (Frey 1994; Negrier and Jourda, 2007; Sicca 1997).

<sup>7</sup> This definition may seem at first sight slightly auto-referential but a detailed review of the reference literature did not show up a category that may replace effectively the covering term ‘live classical music organizations’. Interestingly, an official definition of classical music is virtually absent in all of the countries under analysis.

## 3.2. The selected countries

The choice of the six countries – France, Germany, Italy, Poland, Sweden, the UK – for this study was not easy and represents a compromise between three different needs:

- the need to select countries that reflect the variety in European national cultural policies and in the institutions set up to implement them. So, for example, the selection includes centralised, ministry-supervised systems such as those in Italy, France, Poland, as well as totally decentralized countries such as Germany, countries endowed with arm's length arts councils such as the UK and Sweden, and also countries that have undergone an important shift from a planned to a market economy, such as Poland
- the need to select countries that have played a crucial role for the origin and development of certain subgenres of classical music and that now particularly typify those genres. Italy and France represent the historical tradition of opera; Germany and the UK are strongly representative of the historical tradition of symphonic music
- the practical need for availability of quantitative and qualitative data.

Table 3.1 shows the variety of cultural policy models and organization of the public administration responsible for culture in the six selected countries:

**Table 3.1 – Organization of the public administration responsible for culture in the six countries**

Country	Centralised/Decentralised System	Central Ministry with Cultural Competence	Local Level of Government	Other Ministries	Arms Length Bodies/ National Cultural Funds or Foundations	Representatives of Different Levels of Government
France	Centralised structure with regional trends and growing local government role, decentralization (1982/1983-) and déconcentration (1992-)	Ministry of Culture and Communication (MCC-DMDTS relevant for classical music)	· Regions · Départements · Municipalities	· Youth, Education and Research · Foreign Affairs	· Fonds régionaux d'acquisition des musées (FRAM) · Fonds régionaux d'acquisition des bibliothèques (FRAB) · Fonds régionaux d'art contemporain (FRAC)	Inter-municipal cooperation
Germany	Federal system. Complete devolution	No Ministry. A federal government with a growing Federal Cultural Foundation (2002)	· Länder · Municipalities	· German Federal Ministry for Foreign Affairs	· Prussian Cultural Heritage Foundation	Standing Conference of the Ministers of Education and Cultural Affairs of the Länder in the Federal Republic of Germany
Italy	Developing a federal approach with growing municipalities and regions (1990s and 2001)	Ministry of Heritage and Cultural Activities (MiBAC-DS relevant for classical music)	· Regions · Provinces · Municipalities	· Ministry for Foreign Affairs · Internal Affairs	· Venice Biennale · Fondo Unico per lo Spettacolo	· Inter-ministerial Committee for Economic Planning · State-Regions Conference
Poland	Decentralisation of management and financing of culture is ongoing (after 1989); strong emphasis on local level authorities	Ministry of Culture (MKiDN-DS relevant for classical music)	· Regions (voivodeships) · Provinces (poviats) · Municipalities (gminas)	· Foreign Affairs	· Creativity Promotion Fund	Inter-ministerial cooperation in the field of culture
Sweden	Decentralization trends ongoing (1974, 1996)	Ministry of Culture	· Counties and regional unions · Municipalities	· Education, Research · Environment and Industry · Employment and Communications · Finance · Social Affairs · Legal Affairs	· National Council for Cultural Affairs (Statens Kulturråd)	
UK	Centralised but with regional decentralisation trends and important local government role	· Dept. of Culture Media and Sport (England) · Scottish Minister for Tourism Culture, & Sport · Scottish Executive Education Dept · National Assembly for Wales · DCAL – Northern Ireland	Local Authorities (strong role)	· Foreign Affairs	· Arts Councils (e.g., ACE, SAC, etc.) · English Heritage · Historic Scotland · Non Governmental Public Bodies	

Source: Based on Klamer *et al* (2006) and *Compendium of cultural policies and trends in Europe* (ERICarts 2007)

Table 3.1 shows:

- France: the current system of cultural policy is ex-centralized. In 1982 and 1983 devolution laws aiming to decentralize the state were passed. The move towards *déconcentration* (devolving responsibility and financial resources to local and regional state departments, the regional directorates of cultural affairs – DRACs) started in 1992 and led to a network of these regional directorates. Cultural policy-making (and funding) responsibilities are divided among four different levels of government in France:
  - o the state (at a political level through the Ministry of Culture and Communication, and at an administrative level through the directorate of music, dance, theatre and the performing art (*Direction de la musique, de la danse, du théâtre et des spectacles* – DMDTS))
  - o the regional directorates of cultural affairs (*Directions régionales des affaires culturelles* – DRAC)
  - o the 26 regions (through the *conseils régionaux*), the 100 *départements* (through the *conseils départementaux*)
  - o the almost 36.500 municipalities (not all of them have their own municipal departments for culture).

- Germany: today, cultural policy is based on a federal model, governed by the principles of decentralization, subsidiarity and plurality where each of the *Länder* has constitutionally cultural sovereignty (*Kulturhoheit*). It is within the constitutions of the individual *Länder* that can be found the principles and declarations supporting arts and culture. Since 1948, coordination on matters of cultural policies among the *Länder* in the former West Germany was achieved through the *Ständige Konferenz der Kultusminister der Länder in der Bundesrepublik Deutschland* – (KMK) that is, the Standing Conference of the Ministers of Education and Cultural affairs of the *Länder* in the Federal Republic of Germany, whereas coordination among municipalities at a federal level on cultural policy matters is instead usually achieved through the *Deutscher Städtetag* [German Cities Council].

In 1998 a federal commissioner for cultural and media affairs was created in order to enhance cooperation on cultural policy matters between the federal and the *Länder* level; in 2002 the *Kulturstiftung des Bundes* [Federal Cultural Foundation] was constituted with the aim of supporting cultural policy at a federal level.

The *Grundgesetz* (basic law, constitution) of the federal state of Germany defines how responsibilities and competencies are divided among the three different levels of government: the *Bund* (the federal government), the *Bundesländer* (the 16 autonomous states) and the municipalities (cities, town, and counties).

- Italy: cultural policy-making (and funding) responsibilities are divided among four different levels of government:
  - o the central government (through the Ministry for Heritage and Cultural Activities)
  - o the 20 regions, through the *assessorati regionali alla cultura* (regional departments for culture)
  - o the 103 provinces – through the *assessorati provinciali alla cultura* (provincial departments for culture)
  - o the 8101 municipalities – through the *assessorati comunali alla cultura* (municipal departments for culture).

Responsibility for cultural policy in the subsidized performing arts is with the *Direzione Generale per lo spettacolo dal vivo e lo sport* [General Directorate for the Performing Arts and Sports] of the *Ministero per i Beni e le Attività Culturali* – MiBAC [Ministry for Heritage and Cultural Activities].

- Poland: after 1989, with the advent of liberal democracy and market economy, Poland inaugurated its new constitution, Article 73 of which directly refers to the field of culture, emphasizing that everyone should be granted the right of freedom of creation, to conduct scientific research and announce their results, freedom of education and use of cultural assets.

Legislative power in the field of culture is with the Polish state, which sets cultural policy objectives and funding principles. In this sense it is the ministry that actually sets the legal, financial and programme frameworks that facilitate the development of culture. The administration is divided among four different levels of government: the state, the 16 regions (voivodships), the 78 provinces (poviats) and the municipalities (gmina). While the Ministry of Culture and National Heritage directly intervenes in the classical music sector through the Department of Arts only for national cultural institutions, with the voivodships it can co-fund other regional cultural institutions and cultural projects with a national relevance.

- Sweden: with the 1996 Bill of Culture, the process of decentralization that had been in progress since the 1970s was incorporated into cultural policies towards music, with regard to the development of regional orchestras and other regional musical activities, on the basis of the idea that state contributions to theatre, dance, and musical institutions should achieve the aim to render it possible multifaceted activities of high quality (Assefa and Osterling, 2006:).

Cultural policy-making (and funding) responsibilities are divided among three different levels of government and government authorities in Sweden. The levels of government are the Ministry for Culture, the 18 county councils together with two regional unions (through the county council cultural committees), and thirdly, the 290 municipalities (through the municipal cultural committees). Among the government authorities dealing with culture, it is the *Statens kulturråd* (Swedish National Council for Cultural Affairs) that funds classical music institutions.

- United Kingdom: responsibility for cultural policy and arts funding, apart from issues related to broadcasting)

rests with the parliaments and governments of each of the four British nations – England, Wales, Scotland and Northern Ireland. In England cultural policy-making and funding responsibilities are divided between two levels of government (central government and local authorities), and ‘arm’s length’ non-departmental public bodies (NDPBs), such as Arts Council England and Scottish Arts Council.

The Minister for Culture, Creative Industries and Tourism draws up cultural policies; the Department for Culture, Media and Sport (DCMS) is the ministry responsible for implementing government cultural policy and administering government grants to nationally designated museums and art galleries in England, as well as to Arts Council England, the UK Film Council and other national culture bodies. The DCMS’s expenditure, administration, regulation and policies are scrutinised by a parliamentary committee (ie elected representatives).

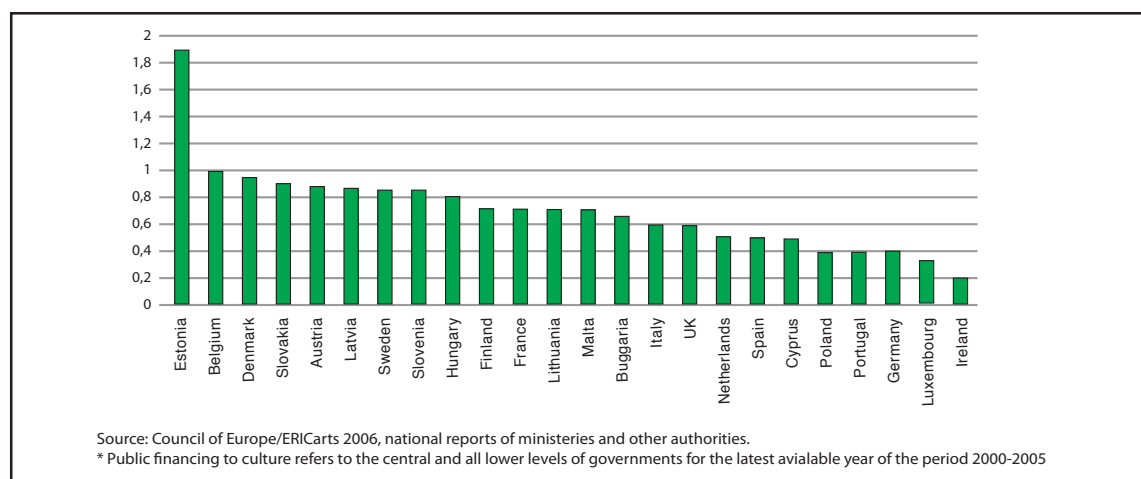
Together with the other three national arts councils in the UK, Arts Council England (ACE) is a government-funded body dedicated to promoting the performing, visual and literary arts. Currently the Arts Council is responsible for distributing money from the DCMS<sup>8</sup> (under the form of grants for the arts and regular funding for organizations) and, since 1994, funding from the national lottery. Arts funding therefore is operated on an ‘arm’s length’ basis; this means it is largely the Arts Council England that decides which arts organizations in England will get funding, not the politicians at DCMS. The governments of the other three nations have, in principle, a similar relationship to their arts councils.

For my research purposes the UK is not simply one of the six countries analyzed, it is also – politically and administratively – a collection of nations and I will be referring to its component nations (England, Wales, Scotland, Northern Ireland). Available cultural statistics, such as the *Compendium of cultural policies and trends in Europe* tend to distinguish between England, Wales, Scotland, and Northern Ireland. For more about UK devolution see page 38.

### 3.2.1 Comparative public spending on culture

Figure 3.1 shows public spending on culture as a percentage of GDP (gross domestic product) in each of the selected countries and in other EU countries.

**Figure 3.1 – Average annual public spending on culture as percentage of GDP (2000-2005)\***



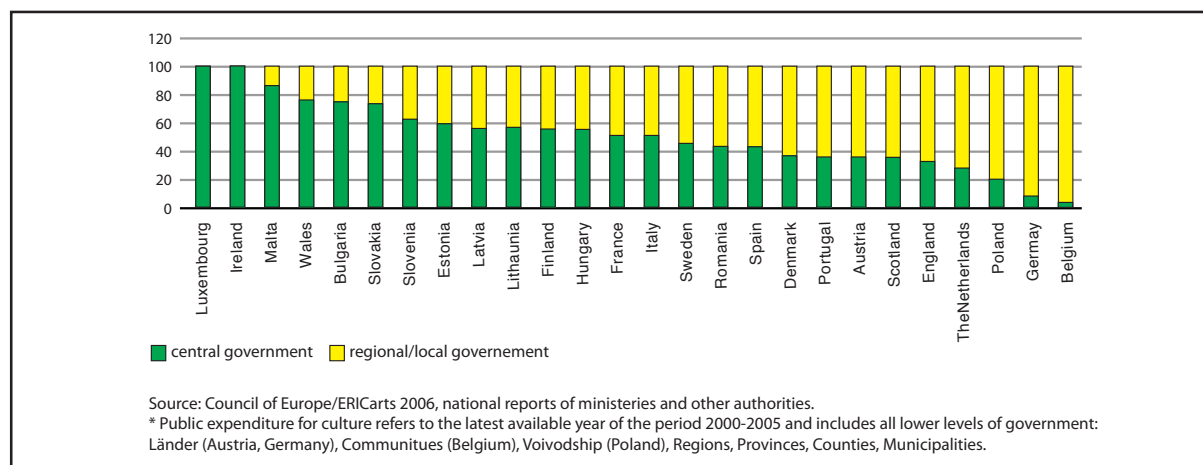
As elaborated by Klamer *et al* (2006)

Figure 3.1 shows that the countries selected for this study more or less cover the spectrum in their national spending on culture. Sweden’s cultural spending represents the highest average cultural public financing as a percentage of GDP (it is the seventh country in the EU as a whole). France follows closely while Italy and the UK both occupy an intermediate position within the overall ranking. Poland and Germany apparently devote the lowest portion of their national wealth to cultural expenditure.

8 Funding from the DCMS is received for three years at a time on the basis of formalized funding agreements.

The shares of public spending for culture from the central government and local authorities is exemplified in the following figure:

**Figure 3.2 Percentages of public spending for culture by level of government (2000–2005)\***



As elaborated by Klamer et al (2006)

Figure 3.2 emphasizes that, among the countries under consideration, Wales – as a component of the UK – has the highest proportion of central government funding to total public spending, followed by France. Poland and Germany – highly decentralized countries – exhibit the lowest percentages of central government funding to total public expenditure. In the UK, where spending on culture is decided by the four nations that make up the United Kingdom, a similar structure for cultural public expenditure is displayed by Scotland and England (with a minor role for local authorities). Italy and Sweden display an intermediate structure for public expenditure with equal shares of central and local government funding (they are rather similar to France as far as the proportion of central government funding to total public expenditure is concerned).

### 3.3. Data and methodology

This study is quantitative in that it aims to reconstructing economic trends by means of statistics. It is qualitative in the sense that hard data are put in context to give a picture of existing cultural policies. Both primary and secondary data were used.

Primary data: hard data (both accounting and non-) were extracted from annual reports (where available) and collected through questionnaires in the countries under investigation (see Annexe 1 for a copy of the questionnaire). Of the 280 questionnaires sent out, 68 were eventually completed (almost 25 per cent response rate) and a further 17 were filled out partially in course of conducting interviews.

Obtaining primary data from individual companies proved extremely difficult. For example, in Poland it took me seven months to get financial reports from selected LCMOs. In Italy it would have taken even longer except that from previous research I had learned some shortcuts. Soft data was collected through some 80 structured and semi-structured interviews (on average nine in each country, some of the interviews were repeated) with relevant superintendents, general directors or managers of individual LCMOs, representatives of cultural ministries, arm's length financing bodies, central and regional statistical offices and observatories of ministries, arm's length financing bodies, research scholars and experts in cultural policies for the relevant sector in each of the selected countries<sup>9</sup> (see Annexe 2 for the list of interview topics).

9 Interviews were conducted with an exploratory and to some extent theory-building aim (Eisenhardt 1989; Kumar *et al* 1993; Miles and Huberman 1984). It was very difficult getting in touch with relevant informants, especially in the academic field in some of the selected countries.

- Secondary data: secondary data was used only whenever primary data was incomplete or absent. I collected quantitative and qualitative enquiries, statistical reports and surveys possibly referred to the period 1996–2005 and conducted by:
  - o Central and regional statistical offices and observatories of ministries or arm's length financing bodies:
    - in France: *Direction de la musique de la danse du théâtre et des spectacles, Ministère de la Culture et de la Communication* [the directorate of music, dance, theatre and the performing arts of the Ministry of Culture and Communication], *Observatoire des Politiques Culturelles* [the national observatory for cultural policies], and the *Observatoire des politiques publiques en Europe du Sud* [the observatory for public policies of southern Europe]
    - in Germany: *Kulturpolitische Gesellschaft* [association for cultural policy], Cultural Contact Point Germany, and *Deutscher Musikrat* [German Music Council]
    - in Italy: *Dipartimento dello Spettacolo – Ministero per i Beni e le Attività Culturali* (MiBAC) [Department for the Performing Arts of the Ministry for Heritage and Cultural Activities], *Comitato Nazionale Italiano Musica* (CIDIM) [Italian National Music Council], *Istituto Nazionale di Statistica* (ISTAT) [Italian National Statistical Office], *Osservatorio dello Spettacolo* [the National Observatory for the Performing Arts], and *Osservatorio Regionale dello Spettacolo dell' Emilia-Romagna* [the Observatory for the Performing Arts of the Emilia-Romagna Region]
    - in Poland: *Ministerstwo Kultury i Dziedzictwa Narodowego – Department Sztuki* (MKiDN) [Ministry of Culture and National Heritage – Department for the Arts] and the *Główny Urząd Statystyczny* (GUS) [Polish Central Statistical Office]
    - in Sweden: *Statens Kulturråd* [Swedish Arts Council]
    - in UK: Department for Culture, Media and Sport, and Arts Council England
  - o Relevant (employers') associations and confederations in selected countries:
    - in France: *Chambre Professionnelle des Directeurs d'Opéra* (CPDO): (opera house directors), *Syndicat des Orchestres et Théâtres Lyriques* (SYNOLYR) (the national employers' organisation of private orchestras and lyric theatres), *Association Française des Orchestres* [the French Association of Orchestras], France Festivals, and *Fédération des Ensembles Vocaux et Instrumentaux Spécialisés* [the federation of vocal and specialized instrument ensembles]
    - in Germany: *Deutscher Bühnenverein – Bundesverband der Theater und Orchester* (the association of German theatres and orchestras)
    - in Italy: *Associazione Nazionale delle Fondazioni Lirico e Sinfoniche* (ANFOLS) (the association of the major opera companies) and *Associazione Generale Italiana dello Spettacolo* (AGIS) [Italian General Association for Entertainment]
    - in Sweden: *Svensk Scenkonst* [Swedish Performing Arts]
    - in the UK: Society of London Theatre/Theatrical Management Association and Association of British Orchestras.

### 3.3.1 Stages of the research

The research progressed as follows:

#### 1 August–September 2006

- Preliminary literature review conducted in relevant academic journals
- researchers involved in the writing the ERICarts' *Compendium of cultural policies and trends in Europe* for each of the selected countries were asked to suggest how to improve the research proposal for their country.

#### 2 September 2006

Three questionnaires were designed, for:

- superintendents, general directors of individual LCMOs
- representatives of cultural ministries, arm's length financing bodies, central and regional statistical offices and observatories of ministries/arm's length financing bodies
- professional employers' associations.

The questionnaires, especially the last two, were mainly conceived as a basis for semi-structured interviews and were submitted for external validation to a group of European research scholars in cultural policy and to all of the ERICarts experts in selected countries (some of whom provided useful information, others did not respond at all).

#### 3 September–October 2006

On the basis of information collected and gathered it was possible to devise:

- short preliminary background profiles on the 'organizational fields' for classical music for each selected country
- a 'who has what?' map of available data for each selected country, focusing on different actors (cultural policy-makers; public funding bodies of classical music; national umbrella bodies serving this field of activity; relevant trade unions; academics active in cultural policy and management research; the management of the individual orchestras and institutions). This map was organized as a dataset in Excel format
- a list of potential interviewees, a dataset – 'List of potential interviewees' including detailed contact information.

People were contacted to assess their availability for interviews: this was rather complex in those countries where ERICarts experts and other cultural policy researchers did not provide any information.

#### 4 November 2006–January 2007

280 questionnaires were mailed and e-mailed to interviewees. See above for response rate information.

#### 5 November 2006–June 2007

Collection of annual reports from individual LCMOs.

#### 6 October 2006–February 2007

Preliminary phone interviews (international) and live interviews (at the conference on Cultural Observatories, Bologna, Italy, 18–19 October, 2006) were conducted with interviewees identified in stage 3.

#### 7 February–June 2007

Interviews were conducted in many of the selected countries and at the most relevant European conferences of the sector – the 34th Pearle\* Conference, Utrecht, The Netherlands, 7 June; the Nordic Orchestras Conference, Reykjavik, Iceland, 27 September.

(Pearle\* is the 'Performing Arts Employers Associations League Europe', the European trade federation of performing arts organisations. Created in 1991, Pearle\* represents through its member associations almost 4,000 theatres, theatre production companies, orchestras and music ensembles, opera houses, ballet and dance companies, festivals, and other organisations within the performing arts sector across Europe. [<http://www.pearle.ws/pearle.php>])

8 January–July 2007

Interviews were transcribed and hard data (both primary and secondary) refined further and included in data-sets/tables. Hard data was analyzed and interpreted in light of interviews<sup>10</sup>.

9 July–September 2007: the final report was written.

### 3.3.2 Methodological notes

Several ERICarts experts and international research scholars have helped me very much. Others were less helpful, which has made the data rather patchy.-

All of the documents that include relevant quantitative data (both primary and secondary) are available only in the language of the country issuing them. Statistical reports and studies issued by the Polish Central Statistical Office are available only in Polish: even executive summaries are very seldom available in an English version. This has significantly complicated the comparative analysis: each report had to be translated into English for me. Interestingly, not many people dealing with cultural statistics in various European countries have a sufficient knowledge of English to facilitate the understanding and interpretation of data: this, of course, complicates the work of the researcher.

As far as analysis of hard data is concerned, this stage of the research was particularly time-consuming since most of the data were available only in paper version (not in electronic version) and were not comparable over time within each country and across countries<sup>11</sup>. In particular, data analysis was complicated by several issues of:

- lack of uniformity in the definition (and breakdown) of classical music institutions across countries; in the Polish data, information about 'theatre, opera and operetta' are in a different category from information about 'philharmonic orchestras, orchestras and choruses'; the Italian and French data facilitates a more precise distinction between different types of organizations)
- comparing statistics that may refer to samples of very different size, may be based on different measurement/sampling techniques and to data that may have been collected in different times
- degree of detail of primary and secondary data. Detailed data is available about income and expenses and their composition in Germany and the UK; in Poland data on income and expenses were only available from the organizations that I visited in Poland).

## 3.4. The reconstruction of public funding and financial trends

Two methods have been adopted in order to reconstruct public funding for LCMOs in selected countries. The first was a top-down approach, aiming to reconstruct funding trends using aggregate cultural statistics. The second method was a bottom-up approach, aiming to reconstruct funding trends (as well as income and expense structures) by looking at individual organizations' financial statements.

The original aim was to reconstruct funding trends and financial structures for LCMOs in selected countries longitudinally over period 1996–2005, by considering 1996, 2000 and 2005 as reference dates. The quantitative analyses (carried out according to the two different approaches) proved to be very difficult to achieve, however, as data for the period under consideration was frequently unavailable, not comparable, not consistent over time and across data sources. Therefore, a reconstruction of public funding trends and financial structures was carried out for the following sets of organizations:

10 Data could be refined further still to include rankings of LCMOs (opera companies/theatres, symphony orchestras, chamber music orchestras and classical music festivals) based on (a) turnover, (b) total assets, (c) number of employees, (d) number of artistic productions, (e) number of attendees.

11 The UK was the only country for which summary statistics were already available and not much analytical work was carried out.



**Table 3.2 – Data collected in order to reconstruct public funding and financial structure trends**

	Data collected	Sampled orgs for public funding (not necessarily from all levels of government)*	Time-period uncovered	Sampled orgs for income/expense	Time-period uncovered**
<b>France</b>	Opéra National de Paris (ONP)	Opéra National de Paris (ONP)	1990-2006	Opéra National de Paris (ONP)	2002-2005
	13 Opéras en région	13 Opéras en région	2002-2004		
	32 Orchestres permanents	32 Orchestres permanents	1999-2004	15 Orchestres permanents	1999-2004
	2 Orchestres de radiodiffusion	2 Orchestres de radiodiffusion	1999-2004		
	Ensembles de musique professionnels (332 in 2004)	Ensembles de musique professionnels (332 in 2004)	2002-2004		
	Festivals de musique (135 in 2004)	Festivals de musique (135 in 2004)	2002-2004		
	Scènes nationales, scènes conventionnées	Scènes nationales, scènes conventionnées	2002-2004		
<b>Germany</b>	92 Öffentliche Theater	92 Öffentliche Theater	1967-2005	14 high budget Öffentliche Theater	1996-2004
	53 Selbstständiges Kulturorchester	53 Selbstständiges Kulturorchester	1967-2005	53 Selbstständiges Kulturorchester	1996-2004
	12 Rundfunkorchester.	12 Rundfunkorchester.	1967-2005		
	Privattheater	Privattheater	1967-2005		
	Festspielen	Festspielen	1967-2005		
<b>Italy</b>	13 Fondazioni Lirico-Sinfoniche	13 Fondazioni Lirico-Sinfoniche	1985-2005	13 Fondazioni Lirico-Sinfoniche	1999-2005
	26 Teatri di Tradizione	26 Teatri di Tradizione	2003-2005		
	13 Istituzioni Concertistico-Orchestrale	13 Istituzioni Concertistico-Orchestrale	2003-2005		
	Attività Concertistiche e Corali(201 in 2005)	Attività Concertistiche e Corali(201 in 2005)	2003-2005		
	Festivals (68 in 2005)	Festivals (68 in 2005)	2003-2005		
<b>Poland</b>	9 Opéry	9 Opéry	1996-2004	3 Opera companies	2000-2005
	39 Filharmonie, orkiestry i chóry	39 Filharmonie, orkiestry i chóry	1996-2004	Filharmonia Narodowa	1996-2004
<b>Sweden</b>	28 Professionella Orkestrar	28 Professionella Orkestrar	1994/95-2005	11 Professionella Orkestrar	1994-2005
	6 operahus and 5 musikteater	6 operahus and 5 musikteater	2004-2005	10 Music theatres	2004-2005
	Regional musikverksamhet	Regional musikverksamhet	2003		
	Fria musikgrupper(129 in 2003)	Fria musikgrupper(129 in 2003)	2003		
<b>UK</b>	6 large scale operas	6 large scale operas	1997-2004	5 large scale operas	1997-2004
	16 permanent orchestras and chamber music ensembles (RFOs)	16 permanent orchestras and chamber music ensemblesRFOs	1997-2003	10 permanent orchestras RFOs	1997-2003
	5 BBC Orchestras				

\* As will be clear from the individual country profiles in paragraph 4, in some cases public funding was reconstructed as an estimate of public expenditure for the performing arts

\*\* Asymmetry between income and expense data. For certain organizations expense data were available only for shorter periods of time or were unavailable

The first column in Table 3.2 illustrates the samples of LCMOs considered for the analysis. The second and third columns list samples and sampling periods used to reconstruct public funding according to a top-down approach. The fourth and fifth columns show samples and sampling periods used to reconstruct financial structures according to a bottom-up approach. Each of the samples will be properly described in the next section.

# 4

## **Cross-country comparative results and discussion**

This section offers a comparative analysis across the selected countries of cultural policies, funding and financial trends, governance mechanisms and organizational structures/industrial dynamics, highlighting the major similarities and differences.

## 4.1. Cultural policies and public funding rationale

### 4.1.1 Classical music as a 'merit good'

In all the selected countries, classical music is still generally perceived as a merit good by almost all the people whom I interviewed (Musgrave 1957a). In other words, the consumption of classical music is generally conceived as socially desirable, regardless of individual preferences, since it is believed to have benefits for the community as a whole. The governments (central and local) paternalistically support and preserve a quasi-market for classical music, and this policy assumes that individuals and society need to be educated to listen to classical music and that social welfare can be better achieved through public intervention than through market forces and consumer sovereignty.

'It is commonly accepted by [German] politicians that classical music deserves public funding. Nonetheless, in contrast to the pre-unification period, when a sort of cultural competition between the 'two Germanies' was in place, justifying a remarkable financial support, it is not clear how much money it should command now.'

Rolf Bolwin, *Deutscher Bühnenverein*, Germany

The meritorious nature of classical music seems an even stronger base for public funding than the 'Baumol disease' itself (as defined on page 28). Some representatives of the French Ministry of Culture and Communication are conscious that a lot of public money has been spent over the last 40 years trying to develop participation and to broaden access to the performing arts.

'Nonetheless, the total attendance of the performing arts (and of opera houses and concert halls in particular) has not significantly changed (at least not as much as expected), with the socio-cultural characteristics of the audience of classical music concerts being more or less the same as they were 40 years ago. Since the '80s the cultural policy-makers have started becoming aware that education does play an irreplaceable role and that much attention should be paid to the attendance: as a consequence for the past 20 years permanent orchestras have worked in order to rejuvenate their audiences. Nonetheless this problem has not been solved yet.'

Catherine Lephay-Merlin, Directorate of music, dance, theatre and the performing arts of the Ministry of Culture and Communication, France

In most of the countries private sector support for classical music is only a very small proportion of classical music institutions' income and tends to be given on condition that the private funding is not replacing money from a public source: this seems particularly true in the continental European countries.

'Public theatres are interested in getting more money from the private sector but none wants to get less money from the public. ... no shift from public to private money will take place.'

Rolf Bolwin, *Deutscher Bühnenverein*, Germany

Even in countries where the tradition of corporate sponsorships and donations is stronger and better developed (such as the UK), the role of the public sector is still crucial, especially for the expensive artform of opera.

What is lacking in this picture, however, is the answer to the question 'Why, if classical music is a merit good, are some live classical music organizations (LCMOs) more deserving than others?' Or, 'Why some LCMOs are better financed than others?' In many countries this issue is hotly debated and part of the agenda of cultural policy-makers is to reform or change the criteria for the allocation of public money in subsidies, awards, grants, and lottery funds (see Italy with its *associazioni concertistico-orchestrali* [orchestral and concert associations] or Sweden with its *fria musikgrupper* [free music ensembles] or France with its *ensembles de musique professionnels* [non permanent music ensembles]). All these institutions receive public funding that is not only less, but less stable compared with the big permanent orchestras, which may undermine their artistic planning in future.

‘The state has no strategic vision for the development of smaller music institutions. Of course major opera companies deserve the lion’s share of financial support, but also smaller symphony orchestras, such as the *associazioni concertistico-orchestrali*, should be supported. The mechanism and criteria for the distribution and allocation of public money should be modified.’

Francesco Agnello, *Comitato Nazionale Italiano Musica*, Italy

Although the evidence I was able to collect on this point is not always robust, it does suggest that a significant number of the newly established LCMOs obtain public financial support in the form of funding for a particular project – such as the Orchestra Mozart founded by Claudio Abbado – rather than in the form of institutional funding. (Institutional funding is so called because it is aimed at an organization’s long-term financial survival of a permanent institution and is typically meant to cover costs such as personnel costs for lifelong employees, fees to rent the performing venues/facilities, and so on) What is more, whenever smaller organizations do receive any institutional funding, it is usually marginal to their overall costs compared with institutional funding that goes to more established LCMOs that are guaranteed their annual institutional funding (provided they meet any criteria that may have been set for them. This disparity seems more pronounced for countries such as Italy and France whose cultural administrations have tended to be heavily centralized, but is also noticeable in systems where an arm’s length body is in place, such as Sweden.

Generally, it appears that public funding for LCMOs is justified on grounds of artistic prestige, history, and tradition. By definition, the weight of artistic prestige, history, and tradition is higher for established regularly funded organizations (ie with guaranteed annual funding), with a record of receiving public money, than for newcomers. As a consequence, even in systems such as those in the UK and Italy, where objective criteria for the allocation of public funding are linked to measurable performance targets (numbers of productions, performances, attendees, and so on) it is likely that a LCMO receiving guaranteed annual funding but – say for a specific year – not meeting its funding criteria, would not incur a sudden cut of grants for the following year. Meanwhile a LCMO which had not been granted the status of being a ‘regularly funded organization’ might not get any public funding at all.

‘All of the publicly subsidized major music institutions have a guaranteed financial survival. They do not need to meet specific project requirements because the valuation of projects, once projects are terminated, does not influence the actual distribution of project funding. As far as institutional funding is concerned, the situation is even more rigid: high entry barriers prevent new institutions from getting institutional funding.’

Michele Trimarchi, *Centro Europeo per l’Organizzazione e il Management Culturale* (ECCOM) [European Centre for Cultural Organisation and Management] Rome, and University of Catanzaro, Italy

‘Generally if LCMOs do not meet the standards that the Arts Council sets in its policies (especially the social side of those policies), they will get their grants cut. Nonetheless for the smallest organizations this may mean they could not receive any money at all. I have to say that for smaller organizations there is probably too much emphasis on the social side: they have little money for their core activity so actually putting more money on audience development and generally social engineering can be detrimental.’

Thorben Dittes, Association of British Orchestras, UK

‘Too little state funding is allocated to new non-regularly funded institutions. I would like at least 10 per cent of the total yearly share of FUS (*Fondo Unico per lo Spettacolo*, the major fund for the subsidized performing arts) to be distributed to new non-regularly funded institutions.’

Elena Montecchi, Subsecretary of *Ministero per i Beni e le Attività Culturali* [Ministry for Heritage and Cultural Activities], Italy

One example of how major organizations are sustained by public support was the financial crisis in the UK for the Royal Opera House (in 1999), the English National Opera (in 2001), and various English symphony orchestras around that time. Between 2002 and 2005 Arts Council England injected large sums of public money plus significant stabilisation measures. Regardless of their financial and artistic performance, these organizations were rescued because they were considered as too important to national culture to be allowed to go bankrupt (Towse 2001).

Despite the tendency in funding patterns described in this section, there are important differences between countries. Applying objective criteria for the allocation of public funding is generally more important – at least from a formal point of view – in some countries than in others. In the UK performance indicators have been in use longer than in the other countries under analysis.

#### 4.1.2 Decentralization and regionalization processes

Another interesting common feature of cultural policies in the six selected countries, is the progressive implementation of the subsidiarity principle in the cultural domain. (By subsidiarity I refer to the principle that decisions should always be taken at the lowest possible level or closest to where they will have their effect, for example in a local area rather than nationally.) This has important consequences for the performing arts and classical music. All the countries analysed are involved in the process of decentralization (in Germany this process is at the most advanced stage); responsibility for LCMOs is being transferred from central government to the local level and in France funding is also being regionalized through the phenomenon of *déconcentration*. Responsibility and financial resources are being devolved to France's local and regional state departments, the regional directorates of cultural affairs.

There are some significant variations on the theme. In France, decentralization laws were passed in 1982/83 and through the deconcentration laws passed in 1992, the regional directorates of cultural affairs were endowed with state financial resources to support cultural activities in their respective regions. Currently regional directorates of cultural affairs have real autonomy in distributing state funding and the central government is expressly forbidden to direct the allocations of public funding at a regional level – in the past this did sometimes happen. As is clear from the words of representatives of the French Ministry of Culture and Communication:

'The only constraint is that most of the funding is aimed to supporting permanent established organizations; consequently there is limited space to fund new initiatives. As a consequence of *déconcentration* processes, the share of regional funding has relatively increased if compared with state funding.'

Catherine Lephay-Merlin, Directorate of music, dance, theatre and the performing arts of the Ministry of Culture and Communication, France

In Germany, in the field of the performing arts (as with culture in general), the *Bundesländer* (the 16 autonomous states) are the main public actors (Art. 30 of the German Constitution) and they set their own policy priorities for culture in general and music in particular, funding their respective classical music institutions and supporting projects of regional importance. Municipalities also play a crucial role in cultural policy, as affirmed by Article 28 (2) of the Constitution. In Germany, the share of central government and local authorities funding has kept stable over time, with the federal government increasing its (minor) role after the inauguration of the *Kulturstiftung des Bundes* [Federal Cultural Foundation] in 2002.

In Italy, ordinary regions – since the Constitutional Law 3/2001 came into force, decentralizing state responsibilities to regions – have legislative powers alongside those of the central government for the promotion of the performing arts. By 2001 the municipalities had taken the lead from central government as the main source of public funding for culture. It seems therefore that Italy has federalism in all but name, at least in terms of its funding structure for the performing arts.

In Poland, LCMOs have remained under the state umbrella longer than other cultural institutions: indeed responsibility for them was only transferred to the local authorities in 1999, whereas decentralization for other cultural institutions started in 1990 and since 1993 had been proceeding apace. Music institutions are increasingly funded by the local authorities (municipalities, provinces, voivodships). Nonetheless, over the last five years, the central government has increased its role as a consequence of the implementation of the National Strategy for the Development of Culture in 2004–2013.

'After the decentralization, the central government has not exerted a significant impact on the classical music. Central government can finance special events (such as the celebration of Karol Szymanowski anniversary), but its funding role is marginal for our operatic institution and, as a consequence, in Krakow

it has not necessarily a strategic vision for classical music’.

Piotr Rozkrut, *Opera Krakowska*, Poland

In Sweden, with the 1996 Bill of Culture, the process of decentralization that had been initiated from the 1970s was incorporated into cultural policies towards music, especially affecting the development of regional orchestras and other regional musical activities, on the principle that, ‘state contributions to theatre, dance, and musical institutions should aim to enable the production of a range of multifaceted activities of high quality’ (Assefa and Osterling, 2006).

‘I think the most logical thing is to have this decentralization in the financial system: local authorities should play a bigger role also in funding classical music’.

Sture Carlsson, *Svensk Scenkonst* [Swedish Performing Arts], Sweden

In the UK, the ‘arm’s length’ funding principle – explained on page 19 – has been compromised to some extent by the UK’s devolution process. In 1999, the Scottish Parliament, National Assembly for Wales and Northern Ireland Assembly were established, giving those countries a degree of self-government. In Scotland, funding for the major companies involved in performing arts has been transferred from the Scottish Arts Council directly to the Scottish Executive – Scotland’s central government – significantly undermining the logic that informed the creation of non-departmental public bodies. Funding from the local authorities to the arts seems to be decreasing in proportion to funding from central governments in the UK, according to recent surveys conducted by the National Association of Local Government Arts Officers (Fisher 2007).

To sum up, in all the six countries the subsidiarity principle has been accompanied by the reallocation of funding responsibilities from central governments to local authorities.

#### 4.1.3 A return to local origins, but...

Finally, there is a tendency to treat policy issues concerning classical music as local issues (D’Angelo 2000). This seems reasonable, if we recall that most LCMOs came into being in a municipal context and that today many still operate mainly within a municipality or province, with a base of predominantly local attendees. In Italy, for example, many local decision-makers about cultural policies (*assessorati alla cultura* in the region, province and municipality) have realized that they should increase their financial subsidies to the performing arts and compensate the relative decrease of central government funding (Bodo *et al* 2007), because of the local ‘merit’. The more local we get, the higher the ‘degree of merit’ of live classical music: this may partly explain the last 20 years’ significant reallocation of public funding responsibilities from national to local authorities.

On the other hand, in countries with non-departmental public bodies and arts councils operating on an arm’s length basis (the UK, or more precisely some of its parts such as Wales and Scotland), it seems that the central government is seeking more control of cultural funding. In Scotland, for example, responsibility for direct funding of the major performing arts companies – once a responsibility of the Scottish Arts Council – is now with the Scottish Executive; in Wales there are prospects of abolition of the Arts Council of Wales.

As suggested by Mariani *et al* (2009), politicians at different levels of government still remain the most important group of stakeholders for Italian LCMOs. They can potentially be willing to directly control classical music, especially opera (Bereson 2002), and the relationship between politics and culture is therefore central (the role of mayors for the *fondazioni lirico-sinfoniche* in Italy or for the *opéra en région* in France exemplifies this). Principles such as the arms’ length relationship between government and the arts can be undermined in favour of direct control of the performing arts (for example, decisions about funding for the major performing arts companies in Scotland has been recently transferred from the Scottish Arts Council to Scotland’s central government).

## 4.2. Funding trends

### 4.2.1 Practical difficulties

Two methods were adopted in order to reconstruct public funding for LCMOs: a top-down approach using aggregate cultural statistics and a bottom-up approach, using individual organizations' financial statements. There were significant practical hurdles in achieving both kinds of analysis, as was pointed out in the methodological section.

Using, on the one hand, the top-down method, I encountered the following drawbacks:

- Available figures for 'public cultural expenditure' contained significant discrepancies, not only between sources from different countries, but also within a single country's own statistics – data from the Observatory on the Performing Arts of the Emilia Romagna Region in Italy did not match that provided by the Italian National Statistical Office.
- Even when data is collected fairly systematically and analysed – usually annually – the degree of detail and comparability changes from year to year, either because the categories being counted are changing or because of structural changes in the funding system, such as the transfers of funding responsibilities to local levels in France and Italy. Drawing comparisons becomes very difficult.
- Often the heading 'state expenditure on culture' referred only to spending by institutions specifically responsible for culture at the central level (ministries, departments, etc.) and ignored data from other ministries (this is the case for most of the selected countries).
- Public spending for the performing arts in general (and for classical music in particular) cannot be accurately reconstructed from statistics prepared by cultural ministries and arts councils, because these bodies collect data only on the organizations to which they allocate grants. In France, for example, there are no statistics available for performing arts organizations that do receive subsidies from local authorities, but receive nothing from the Ministry of Culture and Communication. The same is true for Italy.
- Breakdowns of public cultural spending by macro-field – cultural goods, arts, media, – or micro-field (architecture, visual arts, performing arts, and so on) and artform (opera, symphonic music, and so on as part of the performing arts 'micro field') are not easily readable across countries because national statistical classifications vary. Although Eurostat classifications are being introduced in many European countries this process has a long way to go.<sup>12</sup>
- Often there are only rough estimates available about funding from other sources (market and third sphere) for culture in general and LCMOs in particular. Usually the methodology for estimates at the national level is inadequate.

On the other hand, using a bottom-up method led me into the ensuing methodological issues:

- The availability and quality of secondary quantitative data on individual LCMOs, varies across countries and over time: Germany displays probably the highest level of detail and quality for both financial and non-financial quantitative data (see the annual *Theaterstatistik* published by the *Deutscher Bühnenverein* since 1967, whose 2004/2005 issue was edited by Michael Sondermann) with UK organizations generating less comprehensive but well prepared sets of statistics. (It would be interesting to understand why such a decentralized country as Germany collects the best quantitative data for its performing arts organization; perhaps it is due to the prominent role played by classical music in German society).
- Because the details that are collected vary so widely, comparability of secondary financial data has proved difficult. Generally, income data is more uniform and usually structured so that a proper distinction can be made between:

<sup>12</sup> Starting from the constitution in 2000 of the *Task Force on Cultural Expenditure*, within the *EUROSTAT Working Group on Cultural Statistics*

public subsidies (usually broken down by levels of government); sponsorships and donations; and earned income. Data about expenses – personnel costs, production costs and so on – are more difficult to compare.

- Primary financial data extracted from annual reports is typically richer than those collected in extant analyses. I have made extensive use of primary data for Italy, Poland and some of the big institutions in France. Collecting this data has proved challenging because sometimes companies were suspicious, probably because they did not want to be compared with other companies. In a previous study on the privatization of major Italian opera houses, *fondazioni lirico-sinfoniche*, it took me almost three years to collect 13 organizations' financial statements.

#### 4.2.2 The estimated funding picture

I list below what seems to emerge from the adoption of a top-down approach.

The relative share of public or state spending for the performing arts as a whole and for classical music varies.

Germany seems to be more positive than other countries about public finance for the performing arts. Despite several methodological issues in deploying the Eurostat classifications, a rough estimate of cultural spending is provided in the following table:

**Table 4.1- State and/or public spending for culture and the performing arts**

	France, 2007		Italy, 2005		Sweden, 2005		England, 2003/2004		Poland, 2005		Germany, 2003	
	MCC funding (million Euros)	%	MIBAC funding (million Euros)	%	State funding (million SEK)	%	State funding (million GBP)	%	Public funding (million Euros)	%	Public funding (billion Euros)	%
<b>CULTURAL GOODS</b>	986,80	35,4	1.312,43	63,7	2.635,00	29,5	1.523,08	61,1	545,52	46,4	3,02	37,4
Cultural Heritage	727,10	26,1	1.007,37	48,9	2.008,00	22,5	1.053,10	42,3	70,10	6,0	1,75	21,7
Archives	61,40	2,2	149,52	7,3	374,00	4,2	29,27	1,2	475,42	40,4	*	0,0
Libraries	198,30	7,1	155,55	7,6	253,00	2,8	440,72	17,7	^	0,0	1,27	15,7
<b>ARTS</b>	727,30	26,1	415,59	20,2	1.817,00	20,3	647,62	26,0	220,34	18,7	3,42	42,4
Architecture and Visual arts*	78,60	2,8	9,50	0,5	85,00	1,0	/	0,0	0,00	0,0	0,43	5,3
Performing Arts	648,70	23,3	406,10	19,7	1.732,00	19,4	0,00	Arts	220,34	18,7	2,99	37,1
<b>MEDIA</b>	70,20	2,5	110,08	5,3	921,00	10,3	114,12	4,6	15,48	1,3	0,00	0,0
Books and press	33,60	1,2	14,85	0,7	656,00	7,3	//	0,0	0,00	0,0	**	0,0
Audio, audiovisual, films and multimedia	36,60	1,3	95,23	4,6	265,00	3,0	///	0,0	15,48	1,3	***	0,0
<b>INTERDISCIPLINARY</b>	482,00	17,3	162,59	7,9	3.058,00	34,2	205,44	8,2	^^	0,0	0,52	6,4
Interdisciplinary	482,00	17,3	162,59	7,9	3.058,00	34,2	0,00	0,0	^^^	0,0	****	0,0
<b>NON ATTRIBUTABLE TO SUB-DOMAIN</b>	521,60	18,7	58,93	2,9	505,00	5,7	1,44	0,1	394,72	33,6	1,11	13,8
Not attributable to sub-domain	521,60	18,7	58,93	2,9	505,00	5,7	////	0,0	^^^^	0,0	1,11	13,8
<b>TOTAL</b>	2.787,90	100,0	2.059,62	100,0	8.936,00	100,0	2.491,70	100,0	1.176,05	100,0	8,07	100,0

Of course, comparability is a big issue here, as I described in detail above. However, there is other data to corroborate this table – ie that the performing arts (and arts in general) often come second in the competition for public cultural expenditure, behind other cultural products – cultural heritage, archives and libraries.

If we look at the current shares of central government funding and compare it with funding by local authorities, there are major differences between countries. Central government and local authorities share more or less equally the responsibility for financing culture and the performing arts in France, Italy and Sweden. Authorities at a more local level bear the lion's share of funding in Poland and Germany. In a part of the UK – Wales and Northern Ireland – central government funding plays the paramount role, whereas in England and Scotland government funding is less important than that of the local authorities.

Broadly, a reallocation of funding responsibilities between civic, regional and national authorities has gradually taken place, with an increasing decentralization in almost all of the countries under consideration, including France, Italy,



Sweden, and Poland. Local authorities are growing in importance as public funders and often bodies such as the municipalities in France, the municipalities and regions in Italy and the voivodships in Poland, are making up for the relative reduction in central government funding. In France and Italy the central governments are reducing project funding and are trying to concentrate their funding on a smaller number of permanent national and a few regional institutions; the funding responsibility for small LCMOs and projects is being transferred to lower levels of government. Despite decentralized funding in Germany and Poland, the respective federal and central governments have tried to increase their contribution to culture in general and also for the performing arts over the last five years (as a consequence respectively of the constitution of the *Kulturstiftung des Bundes* [Federal Cultural Foundation] in 2002 and of the implementation of the National Strategy for the Development of Culture in Poland in 2004–2013).

In France the decentralization process gets a specific twist, with the process of *déconcentration*. French central government funding tends to be allocated on a regional basis to the regional directorates for cultural affairs and they are responsible for deciding how to allocate it to individual LCMOs and other cultural institutions.

The shift towards decentralization and regionalization is at different stages in the six countries. In Germany the decentralization process is already well advanced; it is reaching maturity in France and in Italy and is happening very fast in Poland. This corroborates the idea that a 'return to local origins' is indeed gaining momentum. The only exceptions are such national LCMOs in countries that I have typified as 'ex centralized', for instance, the *Opéra National de Paris* in France, the *Kungliga Operan* in Sweden, and the *Teatr Wielki Opera Narodowa* in Poland. A different and more patchy situation prevails in Italy and Germany, where varieties of big LCMOs such as *fondazioni lirico-sinfoniche* and *Öffentliche Theater* had been financed by local authorities well before 1996.

On average central government funding for LCMOs seems to have followed the pace of inflation in France, the UK, and Poland over the last ten years; in the UK funding for the performing arts increased more than inflation, even if this trend is now reversing. In 2004/2005 a sudden stop in the pace of increase in public spending for the performing arts took place both in Italy and in the UK. In Italy this happened against a background of a significant reduction in central government funding both in nominal terms and in real terms (by almost 45 per cent) over the 1985–2005 period; in the UK it had increased since 1997 under Tony Blair's Labour Government. In Poland managers of LCMOs perceive that there was more money for culture in general and for classical music in particular under the communist regime but unfortunately I did not manage to collect hard data to prove this.

A phenomenon that often does not emerge from reports and secondary data published by relevant ministries of culture and arts councils is the 'stratification' of public funding. Individual LCMOs may receive public funding from different levels of government. In Italy, for example, the major opera houses [*fondazioni lirico-sinfoniche*] receive funding from the central government's Ministry for Heritage and Cultural Activities (MIBAC), their region, their province, and their municipality; in Germany many *Öffentliche Theater* are recipients of funding from the *Länder* and municipalities).

There is a risk of a lack of transparency in public funding and it is hard to tell who is receiving what from different levels of government and also between recipient organizations. This lack of transparency can lead sometimes to strong biases in the picture that public authorities have of funded organizations. Sometimes the lack of transparency in the finances is exploited intentionally by major organizations that receive the larger public subsidies, in order to get even more money or to hide the true figures from rival applicants: this is especially clear in Italy (Mariani 2004, 2008b, 2009a; Zan *et al*, 2009). It amounts to a kind of abuse and misuse of cultural statistics. There are no statistics available on funding for all LCMOs in Italy and for French LCMOs not receiving funding from the central government.

From these rough estimates it seems that private funding for the performing arts is subject to significant fluctuations, whereas public funding is almost always present and its fluctuations are less important. This implies that public funding is still the most stable and secure source of income for many LCMOs all over Europe national institutions such as the *Opéra National de Paris* in France, the *Kungliga Operan* in Sweden, and generally Polish LCMOs are clear evidence of this. More and more LCMOs are trying to diversify the sources of their public funding by looking to different levels of government. Also LCMOs are acquiring new governance structures, which may mean that they can in some cases be funded by two or more levels of government. This opportunity is the idea behind the launch of the 'public establishment

of cultural cooperation' [*établissement public de coopération culturelle*] in France; I will look at it in more detail later.

#### 4.2.3 Bottom-up approach

The reconstruction of public funding using a bottom-up method has been carried out in the next section, together with an overall analysis of income and expense structures.

### 4.3 Financial structures

#### 4.3.1 Evolution of income

Table 4.2 shows the evolution of the income structures for selected samples of LCMOs, reconstructed with a bottom-up approach.

**Table 4.2 Income structures for selected samples of LCMOs**

	Public Sector	Market	Third Sector	Δ Total Income	ΔHCPI
<b>France</b>					
C.S.* of 15 AFO orchestras over 1999-2004	Δ: 10,5% Slight increase of share (from 80,8 to 81,1%)	Δ: 7,5% Slight decrease of share (from 18,1 to 17,7%)	Δ: 23,3% Slight increase of share (from 1,1 to 1,3%)	10,1%	10,3%
Opéra National de Paris over 2002-2005	Δ: 7,7% Slight decrease of share (from 62,7 to 60,8%)	Δ: 15,2% Slight increase of share (from 35,7 to 37,0%)	Δ: 52,2% Slight increase of share (from 1,6 to 2,2%)	11,1%	6,7%
<b>Germany</b>					
C.S.* of 14 big Öffentliche Theater over 1996-2004	Δ: 8,4% Decrease of share (from 83,1 to 79,3%)	Δ: 33,7% Increase of share (from 16,3 to 19,2%)	Δ: 220,5% Increase of share (from 0,5 to 1,5%)	13,7%	8,1%
C.S.* of 54 Selbstständiges Kulturorchester over 1996-2004	Δ: 24,1% Decrease of share (from 66,1 to 65,6%)	Δ: 15,9% Decrease of share (from 30,1 to 27,9%)	Δ: 112,3% Increase of share (from 3,8 to 6,5%)	25,0%	8,1%
<b>Italy</b>					
Full population of 13 Fondazioni Lirico Sinfoniche over 1999-2005	Δ: 13,0% Significant decrease of share (from 71,8 to 64,3%)	Δ: 42,6% Increase of share (from 24,0 to 27,1%)	Δ: 157,6% Increase of share (from 4,2 to 8,6%)	26,4%	15,5%
<b>Poland</b>					
C.S.* of 3 Operas over 2000-2005	Δ: 40,0% Increase of share (from 72,0 to 74,5%)	Δ: 15,9% Decrease of share (from 26,3 to 24,6%)	Decrease over time by -51,3% Decrease of share (from 1,7 to 1,0%)	35,0%	14,1%
Filharmonia Narodowa over 1996-2004	Δ: 95,3% Increase of share (from 75,4 to 77,6%)	Δ: 62,5% Decrease of share (from 22,1 to 18,9%)	Δ: 168,2% Increase of share (from 2,5 to 3,5%)	89,9%	24,3%
<b>Sweden</b>					
C.S.* of 10 music theatres over 2004-2005	Δ: 3,9% Increase of share (from 75,6 to 79,9%)	Decrease over time by -19,6% Decrease of share (from 22,1 to 18,0%)	Decrease over time by -11,8% Decrease of share (from 2,4 to 2,1%)	-1,6%	0,9%
C.S.* of 11 symphony orchestras regularly funded by the state over 1994-2005	Δ: 46,5% Decrease of share (from 80 to 77,7%)	Δ: 68,0% Increase of share (from 20,0 to 22,3%)	See Market (Third Sector here included in Market)	50,8%	12,6%
<b>UK</b>					
5 large scale operas funded by ACE over 1997-2004	Δ: 28,0% Increase of share (from 54,6 to 56,1%)	Δ: 7,7% Decrease of share (from 38,9 to 33,6%)	Δ: 98,2% Increase of share (from 6,5 to 10,4%)	24,6%	9,4%
C.S.* of 10 symphony orchestras regularly funded by ACE over 1997-2003	Δ: 42,0% Increase of share (from 31,8 to 37,6%)	Δ: 19,5% Decrease of share (from 59,7 to 53,5%)	Δ: 37,6% Slight increase of share (from 8,6 to 8,9%)	19,9%	7,4%

\* = Constant Sample

Source: Personal elaboration from primary data

The first column illustrates the samples of organizations taken into consideration; the three following columns display the breakdown of income, distinguishing between public sector (public funding from all levels of government), market (earned income), and third sector (sponsorship and donations). The fifth column shows the variation of total income for the sampled LCMOs over the sampling period and the last column displays the inflation rate over the sampling period.

For each sample, figures are displayed concerning:

- the variation over time of each individual income component (the symbol Δ indicates a variation – increase or

decrease – over the sampling time period)

- the proportion of that particular income component to total income (and its variation over the time period under consideration).

Interesting trends to notice are:

- the below-inflation increase of market income and, more importantly, of total income for the selected sample of 15 French permanent orchestras over the 1999–2004 period
- the below-inflation increase of public sector income for the entire population of Italian major opera houses [*fondazioni lirico-sinfoniche*] over the 1999–2005 period
- the decrease of income from the third sector for a sample of three Polish opera houses over the 2000–2005 period
- In the UK, there has been a below-inflation increase of market income for the five large opera companies that received funds in 1997–2004 from Arts Council England (these include Welsh National Opera, funded for its tours within England).

Moreover, important shifts in the sources of income have taken place for the German public theatres [*Öffentliche Theater*] and Italian major opera houses [*fondazioni lirico-sinfoniche*], with market income becoming a larger slice of total income and public sector income becoming a smaller proportion. Whereas in the UK, for both the opera companies and the orchestras in the sample, income from public funds has become a larger proportion of total income.

What emerges from the longitudinal analysis is that in all countries except for the UK the role of the private sector is becoming increasingly important in providing income. Central government is stepping back from funding LCMOs and the local authorities (especially the municipalities) are slightly increasing their contribution but not totally compensating for the central government's funding reductions.

The increasing role of the private sector is especially marked for large-scale prestigious established LCMOs such as the major opera houses in Italy, the bigger *Öffentliche Theater* in Germany and the *Opéra National de Paris* in France.

The table shows that box-office income is fairly steady and mainly depends on two things – seating capacity and ticket price. Both these are limited – concert halls and opera houses have limited seating capacity, and in Poland there is a price cap on ticket prices, preventing them rising above a certain level.

The breakdown of income for LCMOs in the last available year is as shown in table 4.3.

**Table 4.3 Breakdown of income for selected samples of LCMOs (last available year)**

Country	Type of LCMO	Public Sector	Market	Third Sector
<b>Orchestras</b>				
F	C.S.* of 15 AFO orchestras, 2004	81	18	1
P	Filharmonia Narodowa, 2004	78	19	3
S	C.S.* of 11 symphony orchestras regularly funded by the state, 2005	78	22	see M
G	C.S.* of 54 Selbstständiges Kulturorchester, 2004	66	27	7
UK	C.S.* of 10 symphony orchestras regularly funded by ACE, 2003	38	54	8
<b>Operas and music theatres</b>				
S	C.S.* of 10 music theatres, 2005	80	18	2
G	C.S.* of 14 big budget Öffentliche Theater, 2004	79	19	2
P	C.S.* of 3 Operas, 2005	75	24	1
I	Full population of 13 Fondazioni Lirico-Sinfoniche, 2005	64	27	9
F	Opéra National de Paris, 2005	61	37	2
UK	5 large scale operas funded by ACE, 2004	56	34	10

Source: Personal elaboration from primary data

Table 4.3 shows that income structures for selected orchestras are prevalently characterized by a high presence of public subsidies in all the countries (ranging from 66 per cent in Germany to almost 80 per cent for France, Poland and Sweden). In the UK the public sector plays a secondary role, accounting for 38 per cent of total income. Broadly, it seems that the higher the proportion of market income to total income, the higher the proportion of third sector income

(sponsorship and donations)

Public funding plays a large part in the income structures of selected opera organizations in all the countries (ranging from 56 per cent in the UK to almost 80 per cent for Swedish music theatres).

The gap between the top and the bottom figures of public sector income's proportion share values is wider for orchestras than for operas: this may reflect their different salary costs, whose structure is different in the respective artforms (Mariani and Zan 2005).

Cultural policy-makers and politicians should be aware of the possible risk to LCMOs' artistic programming that may result from reducing public funding. When an organization relies increasingly on income from attendees, donors, corporations and foundations, artistic directors may curb artistic experimentation, sticking to more conventional programmes. The artistic directors' dilemma is between keeping the artistic flame alive with exciting and not very popular programmes that risk not selling too well – and presenting safe programmes that make obvious business sense.

The overall impression is that to be successful in future LCMOs will need to diversify their sources of income: government (public funding), market (earned income), third sector (sponsorships and donations). Although one of the advantages of public funding is that it is less likely to fluctuate than private funding, decisions about budgets are taken yearly and sometimes organizations suffer a significant cut in financial resources from public sources. When such cuts happen or are threatened it can be very hard for LCMOs to make long-term plans. 'Participating artists (designers, director, soloists) have to be contacted several seasons in advance. If they are not, the best artists will either be unavailable or more expensive ... The marketing campaigns also have a long lead time. None of these respect the political time-scale of year-on-year spending budgets' (Mundy 2000, 61-62). Between 2005 and 2006 for example the major Italian opera houses received a nominal cut of 25 per cent – though less in real terms – in their funding from central government, despite significant increases in their costs (see page 46).

Due to overwhelming financial deficits, both *Teatro San Carlo* in Napoli and *Teatro del Maggio Musicale* in Firenze have been placed in receivership, and this is not only the result of mismanagement but also the by-product of a significant decrease of central government funding for the *fondazioni lirico-sinfoniche* over the last 20 years. Funding from *Fondo Unico per lo Spettacolo*, (the major fund for the subsidized performing arts) fell by 45 per cent in real terms between 1985 and 2006, with a particularly sharp fall between 2005 and 2006.

On the other hand public funding is less likely to fluctuate than private funding and it can sometimes rescue LCMOs that are regarded as 'strategically important', as happened in the UK (see page 36 for the details). (Towse 2001), and some English symphony orchestras.

LCMOs will also need to diversify their sources of income from public funding across different levels of government (central government, regions, provinces, municipalities). Many LCMOs are adopting new governance structures enabling them to take advantage of more diverse public funding sources. This is happening with the *établissement public de coopération culturelle* [public establishment of cultural cooperation] (EPCC) – in France and to some extent with the *fondazioni lirico-sinfoniche* in Italy). Some LCMOs that are regarded as perhaps national flagship bodies, such as *Opéra National de Paris* in France, Sweden's *Kungliga Operan*, Poland's *Teatr Wielki Opera Narodowa* are still receiving public funding in the old-fashioned way and are not diversifying their funding sources. Indeed none of Poland's LCMOs are moving in this direction.

When individual LCMOs receive public funding from different levels of government (the phenomenon of *stratification*), this may result in a lack of transparency – no one knows who is getting exactly what from whom. This can affect other recipients of such funding, as happens in Italy, in France for companies not funded by the Ministry of Culture and Communication but also to some extent in Sweden for companies not funded by the National Council for Cultural Affairs. The bigger the LCMO, the more complete is the financial information about it because major public funding bodies require those they fund to be publicly accountable.

Table 4.4 shows the evolution of the expense structures for selected samples of LCMOs, reconstructed with a bottom-up approach.

**Table 4.4 Expense structures for selected samples of LCMOs**

	Personnel Costs	Production costs	Other costs	Δ Total Expenses	ΔHCPI
<b>France</b>					
C.S.* of 15 AFO orchestras over 1999-2004	Δ: 4,8% Increase of share (from 79,3 to 82,6%)	Δ: -6,3% Decrease of share (from 14,4 to 13,4%)	Δ: -35,9% Decrease of share (from 6,4 to 4,0%)	0,6%	10,3%
Opéra National de Paris over 2002-2005	Single data (51,3% in 2005)	Single data (19,7% in 2005)	Single data (29,1% in 2005)	na	6,7%
<b>Germany</b>					
C.S. of 14 big Öffentliche Theater over 1996-2004	Δ: 9,9% Decrease of share (from 78,1 to 75,6%)	Δ: 18,5% Slight increase of share (from 7,0 to 7,3%)	Δ: 31,3% Increase of share (from 15,0 to 17,2%)	13,7%	8,1%
<b>Italy</b>					
Full population of 13 Fondazioni Lirico Sinfoniche over 1999-2005	Δ: 27,6% Slight increase of share (from 58,9 to 59,1%)	Δ: 29,2% Slight increase of share (from 32,8 to 33,4%)	Δ: 16,4% Decrease of share (from 8,3 to 7,5%)	27,2%	15,5%
<b>Sweden</b>					
C.S. of 11 music theatres over 2004-2005	Δ: 3,6% Slight increase of share (from 73,3 to 74,8%)	Δ: -16,5% Decrease of share (from 7,7 to 6,3%)	Δ: 1,2% Decrease of share (from 19,0 to 18,9%)	1,6%	0,9%
<b>UK</b>					
5 large scale operas funded by ACE over 1997-2004	Δ: 30,4% Increase of share (from 58,5 to 62,8%)	Δ: 7,8% Decrease of share (from 35,8 to 31,7%)	Δ: 15,0% Decrease of share (from 5,7 to 5,4%)	21,5%	9,4%
C.S. of 10 symphony orchestras regularly funded by ACE over 1997-2003 (on the average)	na Decrease of share (from 38,8 to 30,8%)	na Decrease of share (from 56,0 to 63,0%)	na Slight increase of share (from 5,2 to 6,2%)	na	7,4%

Source: Personal elaboration from primary data

Table 4.4's first column illustrates the samples of organizations taken into consideration. The three following columns display the breakdown of expenses, distinguishing between personnel costs, production costs, other costs (marketing activities, and so on). The fifth column shows the variation of total expenses for the sampled LCMOs over the sampling period and the last column displays the inflation rate over the sampling period.

For each sample, figures show:

- the variation of each individual expense component (the symbol Δ indicates a variation – increase or decrease – over the sampling time period)
- the proportion of that particular expense component to total expenses (and its variation over the time period under consideration).

Many of the LCMOs, such as the major Italian opera houses [*fondazioni lirico-sinfoniche*], the German *Öffentliche Theater* and the five large opera companies that receive funds from Arts Council England, have experienced above-inflation increases of total expenses and most or all of their components. For the major Italian opera houses the increase has been almost double the rate of inflation and for the large UK opera companies more than double.

Important shifts in the proportion of expenses have taken place for the sampled French orchestras and British symphony orchestras, with an increase of personnel costs in the former case and a decrease in the latter.

Broadly, the table shows that costs have increased in real terms but that changes in sources of costs (and relative proportion of each cost component) that companies face are less significant than changes in sources of income (and relative proportion of each income component) except for the UK case.

Interestingly, the expenses have increased at a higher pace than income for the major Italian opera houses. This shows that those organizations have accumulated significant deficits over time (Mariani 2008b, 2008c, 2009a).



Table 4.5 shows the breakdown of expenses for the last available year.

**Table 4.5 Breakdown of expenses for selected samples of LCMOs (last available year)**

Country	Type of LCMO	Personnel Costs	Production Costs	Other Costs
<b>Orchestras</b>				
F	C.S.* of 15 AFO orchestras, 2004	83	13	4
S	C.S.* of 11 symphony orchestras regularly funded by the state, 2005	70	6	24
UK	C.S.* of 10 symphony orchestras regularly funded by ACE, 2003	31	63	6
<b>Operas and music theatres</b>				
G	C.S.* of 14 big budget Öffentliche Theater, 2004	76	7	17
S	C.S.* of 10 music theatres, 2005	75	6	19
UK	5 large scale operas funded by ACE, 2004	63	32	5
I	Full population of 13 Fondazioni Lirico-Sinfoniche, 2005	59	33	8
F	Opéra National de Paris, 2005	51	20	29

Source: Personal elaboration from primary data

Table 4.5 shows that selected orchestras' personnel costs – ranging from 70 per cent in Sweden to almost 83 per cent in France – dominate spending budgets in all the countries. In the UK the production costs make up the largest component of expenses (this contrast may be due to differences in budget presentation).

Selected opera houses' personnel costs – ranging from 59 per cent in Italy to almost 76 per cent for German *Öffentliche Theater* – dominate spending budgets in all the countries. In France the *Opéra National de Paris* presents a lower value of 51 per cent.

Also expense structures for selected opera houses are prevalently characterized by high presence of personnel costs in all of the countries (again ranging from 59 per cent in Italy to almost 76 per cent for German *Öffentliche Theater*).

The gap between the highest proportion spent on personnel costs and the least spent is wider for orchestras than for operas: one possible explanation is that types of opera production vary much more in their costs than those of putting on symphonic music (Mariani and Zan 2005).

## 4.4 Legal status and governance mechanisms

It was not possible to collect extensive opinions on governance structures. Several managers that I interviewed were reluctant to answer specific questions about governance.

The reason is probably twofold: first, some people did not want to sound critical about their colleagues; secondly, many governance structures have changed quite recently and some of the interviewees did not have enough organizational tenure (and working experience in the organization) to assess accurately the ongoing changes.

LCMOs are less likely today to belong to the public sector, whether central government or cities or provinces. There is increasing diversification in the matter of their ownership. Some have changed their legal status to become private organisations, foundations or associations. And third sector (sponsorship and donors) institutions have been created in all of the countries analysed.

In the UK, not-for-profit organizations, including charities have been the predominant legal forms for managing the performing arts for a long time. In the other countries, both theatres and orchestras have been trying recently to change their legal forms and free themselves from the confines of budgetary and public service law and from municipal and other administrative structures. In Germany, for example, a shift has taken place to limited liability companies (known as *Gesellschaft mit Beschränkter Haftung* (GmbH) or *gemeinnützige Gesellschaft mit beschränkter Haftung* (gGmbH) and *Stiftung* (foundations). In Italy the major opera houses were transformed from public entities into private foundations (fondazioni) in 1999.

The shift from state monopoly over organizations towards diversified ownership and changing their legal status to private organisations, foundations or associations – a process often referred to as *désétatisation* – is very often all that

has changed. There have seldom been any significant changes in the structure and composition of the boards and of governing mechanisms. For example, in Italy *enti lirici* were transformed into foundations by private law in 1999 but most of the board members are still appointed by the public sector or closely linked to central or local government. The boards still make decisions in a very politicized way and the ‘privatization’ therefore is somewhat cosmetic. .

The advantages and disadvantages of shifting towards a private structure need to be thought through very carefully because, as the director of the *Deutscher Bühnenverein* points out,

‘A completely private organization can go bankrupt: this is the reason why in Germany the *Eigenbetrieb* [owner-operated municipal enterprise] juridical form is preferred to private forms.’

Rolf Bolwin, *Deutscher Bühnenverein*, Germany

Not all LCMOs are run by a board of management; in France, for example, the regional opera houses with *régies municipales* [municipality-owned companies] do not have management boards. Where LCMOs do have boards, the quality of these depends crucially on the accuracy and transparency of selection and recruiting processes.

‘Selection and recruiting processes are seriously improving: for example, both the Association of British Orchestras and Society of London Theatre/ Theatrical Management Association in the UK are pushing in this direction.’

Richard Pulford, Society of London Theatre and Theatrical Management Association, UK

Some interviewees were of the opinion that having or not having a board was a secondary factor compared to the importance of having high-calibre leading officers – directors and so on – who can generate consensus and cohesion within the organization, and can improve organizational efficiency and effectiveness.

The extent to which musicians are involved in decisional processes varies across the analysed countries and organizations. For example, in most of the Italian LCMOs musicians have no representatives at all sitting on the board. In other countries, musicians are better represented; for example in the board of trustees of the *Berliner Philharmoniker* (Germany) one out of nine members, and two out of the nine deputy members are musicians.

Last but not least, on the basis of the interviews conducted, governance mechanisms are working properly for all sampled LCMOs, and general managers and directors feel they have currently sufficient operational and strategic autonomy.

‘A significant improvement towards operational/strategic autonomy was carried out in Poland before 1989, when censorship was abolished.’

Ewa Michnik, The Wroclaw Opera, Poland

## 4.5 Organizational structures and industrial dynamics

As far as opera is concerned, LCMOs adopt different models of productions (with a prevalence of the ‘stagione’ model of production in Italy and within the larger national companies in the other countries). With the stagione system singers are recruited on short contracts for each production; this makes things very flexible and contrasts with the repertory system. It seems that the stagione model is being increasingly adopted, both in the UK and Poland, despite the fact that in Italy the stagione model of production has been responsible for chronic financial deficits as high-status singers have demanded enormous fees and superintendents have agreed to pay them. Often artistic ensembles (orchestra, choir and sometime ballet) are made up of in-house artists. Cooperation between opera companies takes mostly the form of co-productions that may have an international, national or local scale: for example, London’s Royal Opera House in the UK often co-produces with New York’s Metropolitan Opera House in the United States.

Rolf Bolwin director of the *Deutscher Bühnenverein*, reported an interesting merging trend between performing arts organizations in general, and classical music institutions, that is taking place in some *Länder* of eastern Germany, where



the lower population (and therefore the number of taxpayers) is not sufficient to justify the current numbers of music organizations.

Interesting cases of 'imposed cooperation' are emerging: in some countries cultural policy-makers at various levels of government (especially local) are forcing orchestras and opera houses to cooperate with each other in order to be more efficient in their use of resources.

Cooperation can take different forms:

- joint commission of new music from orchestras (frequent in Sweden)
- sharing of artistic ensembles (orchestra, chorus) by two or more producing opera companies: an example is the consortium of theatres of Lucca, Livorno and Pisa in Italy (Mariani 2007, 2008b).

An interesting new inter-organizational dynamic that has been named 'co-opetition' (Brandeburger and Nalebuff 1996; Mariani 2007, 2008a, 2009b) is happening at the Opera Berlin Foundation: in this case the formerly divided city's three opera companies (*Deutsche Oper Berlin*, *Staatsoper Berlin Unter den Linden*, *Komische Oper*) are all remaining open, but they must both compete and cooperate. They are competing on marketing and artistic activity in order to keep three different profiles and they are cooperating on sales and scenery set construction (indeed they share a scenery set workshop) to cut jobs and costs (Mariani 2008a). Moreover, they are sharing a single ballet company (before there were three ballet companies).

There is less touring, especially international, by expensive established orchestras ensembles and there are interesting examples of cooperation among small orchestras emerging. In the UK the Orchestra of the Age of Enlightenment and the London Sinfonietta in London are both going to move into a large building where they will share their offices.

In some countries, such as Poland, most LCMOs have in the last five years, better defined and developed their administration, production, marketing and communication, giving them clearer borders and competences within the general organizational structure; they have also clarified each person's responsibilities within the organization.



# 5

## Reflections, recommendations and research agenda

An accurate quantitative analysis of public funding for LCMOs is a challenging objective, whether one uses aggregate expense figures (top-down approach) or individual companies' financial data (bottom-up approach). Often neither public spending figures nor individual companies' financial data for the period under consideration were available; often they were not comparable, and were inconsistent over time and across data sources.

'Data are very important for cultural policies analysis. They illustrate the differences in how countries finance culture, which, in turn, correspond to differences in how cultural policies are organised. The adjustments in funds devoted to this sector, their sources (public or private), their distribution among different levels of governments and different art sectors – all are useful to detect the way cultural policies are actually implemented.'

(Klamer *et al* 2006: iii).

It is clear that before we can deal with cultural policies in an international framework we have to resolve this preliminary methodological problem. One of the major findings of this research is to emphasize the need for better cultural statistics and in particular the urgent need to harmonize statistical categories as soon as practicable, at least within the European Union, if not globally. Although Eurostat taxonomies are being reconciled and adopted in many European countries this is happening more quickly in some places than in others. The Task Force on Cultural Expenditure, part of the Eurostat Working Group on Cultural Statistics, dates back to 2000 and issued a report in 2004, but many countries are experiencing major difficulties in the reconciliation of data (European Commission: Eurostat 2004). Italy, for example, does not have a system for collecting figures on its regions' cultural spending (Bodo *et al* 2007).

Individual countries, therefore, need to bring their cultural classifications into harmony with each other. There is also a need for greater transparency within each country. Each different level of government should produce clear statistics and should more actively exchange them with the other levels, in order to avoid the type of information 'black holes' that I encountered several times during my research (see the phenomenon of concealed 'stratification' of public funding that I described in section 4 [see page 41] – there are no statistics available, for example, for French LCMOs not receiving funding from the central government and there is often information asymmetry between different levels of government in Italy).

Individual organizations and professional employers' associations can help improve the richness and accuracy of statistics by generating a common information system so that they can share quantitative data (both accounting and non-accounting). International umbrella employers' organizations such as the Performing Arts Employers Associations League Europe (Pearle\*) and Opera Europa, could also boost their own research activities by for example carrying out regular surveys on LCMOs). Even though collecting data may be time-consuming, and a cost (especially for organizations with hard-pressed budgets), this effort is crucial because it may provide an objective basis of empirical evidence on which effective cultural policies may be shaped on a regional, national and European level. Moreover, the exchange of comparative data may be extremely useful for cross-fertilization and for dissemination of good practices in cultural policy-making and managing.

Because there are so many reservations about the strength of the statistical evidence and other information I was able to collect, critical interpretation and cautious handling is needed for this paper: its 'findings' cannot be considered robust. That is why I prefer not to make recommendations, but rather to say that what follows are 'reflections'.

First, classical music is still perceived by interviewees as a 'merit good' (Musgrave 1957a, 1957b) – something that is judged socially desirable and is paternalistically subsidized on the basis of a norm other than respecting individual preferences. Indeed the latter indicate that European listeners prefer other musical genres (Magyar Gallup Intézet, 2003; The European Opinion Research Group, 2002). While public funding for classical music is still relatively significant, a sharp reduction of listeners and attendees of classical music in the years to come may induce future generations of politicians to change their attitudes about classical music's merit and about the paramount role of the public sector in

supporting it.

Secondly, decentralization and regionalization processes in funding and responsibility for LCMOs are taking place in all of the countries (with varying degrees) as the subsidiarity principle is put into practice.

Thirdly, and linked to the two previous points, there seems to be a return of LCMOs to their local origins in the sense that most LCMOs were born as local organizations and only afterwards became national or at least funded by central government. It seems that the reallocation of public funding responsibilities for LCMOs from central to local governments may lead to a change in the boundaries of the community within which classical music is valued as a merit good. Rather than being seen as socially desirable for the 'nation' as has been the case since World War II – especially in France, Italy and to some extent Sweden and the UK – classical music is going to be seen as a matter of pride and something worth supporting for a region, province or municipality. My research left me with the impression that each country is making significant choices in terms of 'national' versus 'local' merit of classical music and that, apart for national LCMOs whose public funding comes entirely from the central governments<sup>13</sup> (the *Opéra National de Paris* in France, the *Kungliga Operan* in Sweden, the *Teatr Wielki Opera Narodowa* in Poland), more emphasis is being placed on the local 'merit' (social desirability at the municipal or provincial level) rather than on national merit (social desirability at the national level). In other words a change in the boundaries of the community within which classical music is valued as a 'merit good' is happening.

A partial localisation and 'return to origins' is also observable in juridical forms. Although not-for-profit organizations and charities have been the predominant legal forms for managing the performing arts in the UK for a long time, both theatres and orchestras in many continental European countries have gradually been undergoing a process of *désétatisation*, often changing their legal status from public to private (historically many LCMOs started life as commercial, profit-seeking organizations). The 'return to origins' has not proved a completely reversible process since the pure profit-oriented form may not guarantee the backing from public funds that is so crucial for today's LCMOs. The process of *désétatisation* has not necessarily led to significant changes in the structure and composition of the LCMOs' governing mechanisms, nevertheless cultural policy departments have sometimes claimed it as important evidence of 'privatization'.

One interesting example of cultural policy-makers' attempts to strengthen the local dimension of classical music is the cooperation between organizations that has been imposed in some countries. Local governments are forcing orchestras and opera houses to cooperate with each other in order to pool their resources and cut costs. In Germany and in Italy several previously competing opera houses have been forced into what is being called 'coopetition'. As a consequence they are currently competing and cooperating simultaneously. .

My analysis of the financial information shows that – apart from differences of cost structures due to the specific classical music genre (opera versus symphonic or chamber music) – public funding is still crucial for the financial survival of LCMOs. Indeed, in the face of ever-rising costs within the labour-intensive performing arts, public sector income is on one hand relatively more stable than third sector income over time and on the other it is usually the most important source of income for LCMOs.

Most of the LCMOs that I looked at are significantly dependent on public funding (from all levels of government). The more diversified the public funding (coming from central government, regions, province, and municipalities) is, the more likely the organization is to be able to avoid getting into financial difficulties. This seems likely, whether the factors triggering a financial crisis are systemic, such as a downturn of the economy, or specific to the company (decrease of public funding, expensive restoration of venues, and so on).

Lastly, a shift of income structures is taking place in many of the analyzed countries, with UK LCMOs displaying the most diverse sources of income (public sector, market, third sector) and most of the continental European countries trying

<sup>13</sup> Often as a legacy of the idea that that national LCMOs had a role to play in boosting national pride and legitimating government authority (Bereson 2002).

to increase the proportion of income that they receive from the market and the third sector. The private sector (in all countries except for the UK) is becoming increasingly important as a source of funding, with central government stepping back and local authorities (especially the municipalities) slightly increasing their contribution but not compensating for the fall in funding from central government. The role of the private sector is increasing, especially for large prestigious LCMOs such as Italy's major opera houses, Germany's bigger *Öffentliche Theater*, and France's *Opéra National de Paris*.

Box-office income is fairly steady but mainly depends on two things – seating capacity and ticket price. Both of these are limited – concert halls and opera houses have limited seating capacity, and sometimes tickets are subject to a price cap.

## 5.1 Recommendations

On the basis of my findings, I am putting forward several “recommendations” for decision-makers (especially cultural policy-makers) operating at various levels in the classical music sector.

There is a need for better cultural statistics and in particular for the urgent harmonisation of statistical categories within the European Union. This would enable effective and quick comparisons, particularly helpful for cultural policy purposes.

Each different level of government should produce clear statistics and should more actively exchange them with the other levels in order to avoid situations of information asymmetry across levels of government, which may create a distorted picture of how public money is allocated to individual classical music institutions.

Individual organizations and professional employers’ associations can help improve the richness and accuracy of statistics by generating a common information system useful to share data. International umbrella employers’ organizations, such as the Performing Arts Employers Associations League Europe (Pearle\*) and Opera Europa, could also boost their own research activities by for example carrying out regular surveys on LCMOs). This effort is crucial because it may provide an objective basis of empirical evidence on which effective cultural policies may be shaped on a regional, national and European level.

Central governments need to step back from funding LCMOs only after ensuring that local authorities will make up for the reduction of central government funding. This is especially relevant where the tradition of private funding of culture is not properly developed.

If central governments reduce funding for classical music without ensuring that local authorities will make up for the reduction of central government funding they should also be able to justify with their local counterparts that a change in the boundaries of the community within which classical music is valued as a ‘merit good’ is taking place and that more emphasis will be placed on the local ‘merit’ (social desirability at the municipal or provincial level) rather than on national merit (social desirability at the national level).

Governments at all levels need to encourage both the market and donors and sponsors to support classical music, by creating incentives such as new laws, tax incentives, matching grants, without any unreasonably major sudden decrease of public support.

It would be helpful for central governments to put in place the structural conditions necessary for organizations to be able to change their legal status and governance mechanisms, to enable LCMOs to effectively react to the increasing turbulence of the current environment.

Cultural policy-makers across Europe should share their experiences, despite their different cultural policy systems, in order to improve the artistic and financial performance of LCMOs. This is crucial if we consider that the differences are likely to be reduced in the future or at least to become less stark.

The survival of LCMOs may be more likely if they are encouraged to cooperate at a local level, with co-productions, sharing of artistic ensembles and joint commissioning of new music.

Governments (at all levels) should work more closely with professional employers’ organizations in order to understand the needs of LCMOs and find ways of using resources more efficiently without threatening artistic vibrancy.

## 5.2 What future?

Even though it is extremely difficult to forecast the future for European LCMOs, below I describe several features and trends that I believe may possibly characterize the evolution of the sector over the next five years.

First, public funding is likely to become an increasingly small proportion of LCMOs' total incomes. If there is no real increase in income from private sources to make up for the reduction in public subsidies, LCMOs may find themselves forced to cut their costs. They may do this by, for example, reducing rehearsal time, recruiting less established artists, opting for smaller casts, simpler sets, choosing fewer modern works for which copyright fees have to be paid. This sort of activity – economists have called a 'suppressed form' of Baumol disease (Baumol and Baumol, 1985b: 222) – involves what is regarded as a 'debasement of the product'. Moreover, permanent staff in those European countries with a higher proportion of permanent artistic personnel to total artistic personnel (especially in southern and eastern Europe) may be replaced by staff on short contracts.

There is likely to be significant rationalization of LCMOs and their activities, especially in areas with the highest concentration of LCMOs to total number of taxpayers and/or attendees. There may well be joint ventures or even mergers between LCMOs. This may lead to experimenting with different forms of labour organization that may imply sharing artistic ensembles or administrative staff.

Secondly, as European LCMOs come to depend more and more on private sources of income they will find themselves needing to become more accountable to stakeholders such as attendees, donors, corporations and foundations and may find themselves avoiding 'risky' artistic experimentation and following more conventional programming. Reducing the variety of artistic programmes could make the chances of further rationalization more likely, on the grounds that different institutions – geographically close to each other and with similar programmes – choose or are compelled to pool resources or even merge.

Prestigious LCMOs of national and international relevance will most likely be the best protected against any drastic reduction of public funding by their respective governments, sometimes at the expense of public subsidies from the central government for the smallest organizations. This may imply a decrease in artistic experimentation (and an increase in repertory conventionality) for the smallest organizations

Thirdly, it is likely that LCMOs with permanent staff (such as the *fondazioni lirico-sinfoniche*) will start adopting different types of employment contracts. Short contracts will replace the pattern of permanently employing technicians and artists. The renewal of artistic contracts may depend on periodic assessment of artistic performance in those LCMOs where this was not up till now common practice.

LCMOs (especially opera companies) particularly dependent on public funding and adopting a stagione model of production will be more and more careful to increase their productivity (through an increase of the number of performances per production), in order to better justify their receipt of taxpayers' money.

### 5.3 Research agenda

This research has been mainly exploratory and based on quantitative and qualitative data that have corroborated each other. The findings, however, would have been more robust had the sample size been larger, with more countries included and a larger number of interviewees. Extending the timeframe of the analysis might also have given a better picture of trends.

Building on what I have observed, it would be useful for future research to tackle several aspects of the ways in which national cultural policies affect individual LCMOs, such as:

- the impact for individual institutions of a *désétatisation* process – on governance mechanisms, human resource management, organization of labour, and so on
- the consequences of the imposition of cooperation and the emergence of cooperative and co-competitive dynamics between several LCMOs
- recent audience and attendance trends – to match the type of financial analysis in this report with an understanding of the actual consumption of classical music; this may provide a detailed picture of the demand side (a necessary



complement to the analysis of the supply side) without assuming that classical music is a merit good that should be financed regardless of actual attendance figures.

Finally, an international research protocol could usefully be developed that builds on this research report. It could include one or more of the suggested research topics above, enlarging the sample of selected European countries, with a particular attention to new member states (especially eastern European ones).

Research into these topics would benefit classical music and its future, because it may help cultural policy and decision makers (at different levels of government) to put in place the structural conditions necessary for classical music organizations to be able to effectively survive the increasing turbulence of the current environment. Moreover, tackling those issues would be important for LCMOs' management in order to share their experience and to identify best practices that would improve the efficiency of their institutions without threatening artistic vibrancy.

Such research should be conducted only with:

- the preliminary constitution of an international multidisciplinary team of researchers specialized in cultural policy, cultural economics, cultural statistics and arts management
- the largest possible involvement of relevant stakeholders, such as:
  - o cultural policy-makers
  - o public funding bodies (relevant ministries, departments, arts councils and non-departmental public bodies)
  - o relevant national and international umbrella bodies, such as 'Pearle\*' and professional employers' organizations all over Europe
  - o relevant trade-unions
  - o management of individual organizations
  - o national and international statistical offices, such as Eurostat.

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## Annexe 1 Questionnaire for managers<sup>14</sup>

Within the framework of the Cultural Policy Research Award, launched by the *European Cultural Foundation* and the *Stiftelsen Riksbankens Jubileumsfond*, I am conducting a research project whose main aim is to explore and elucidate the current funding trends, financial structures, corporate governance configurations and organizational patterns for European live classical music organizations. A brief description of the research proposal can be found at the following link: [http://www.cpraward.org/winner\\_2006.html](http://www.cpraward.org/winner_2006.html).

As Chief Executive Director/General Manager of an important and artistically vibrant European music organization, you may certainly appreciate the importance and value of comparative research dealing with the aforementioned topics. With this aim, I have prepared this questionnaire.

It is made up by five sections, concerning (1) funding trends and revenues/costs, (2) financial structures, (3) governance configurations, (4) output and organizational patterns and (5) *désétatisation*/privatization processes. Each section consists of two types of questions: some require specific information and figures, others involve your personal opinions and perceptions. Even if filling in the questionnaire will take about 40 minutes and will require your patience and concentration, I encourage you to answer all the questions since the success of the project depends crucially on the completeness of the questionnaire returned.

The questionnaire is absolutely anonymous. Data collected will be published only in aggregated statistics and your name will not be disclosed in the final study unless you require it. Moreover, your contribution will be clearly acknowledged in the final report.

I would really appreciate if you could answer and return the questionnaire possibly before 20/05/2007 at LCMOs.sa@unibo.it or by fax at +39 051 2098074. Should you need any further clarification, please do not hesitate to contact Dr. Marcello M. Mariani by E-mail at Marcello.Mariani@unibo.it. Of course, a copy of the final research report will be sent to you once the study will be taken to completion. Thank you very much in advance for your time and collaboration.

Best regards,  
Dr. Marcello M. Mariani  
Department of Management  
University of Bologna  
Via Capo di Lucca 34  
CAP 40141 Bologna  
Italy

<sup>14</sup> This questionnaire was deployed for the collection of hard and a part of soft data at the individual organization level. Additional soft data was collected through in-depth interviews based both on this questionnaire and on the list of questions in Annexe 2.

**SECTION I: FUNDING TRENDS AND REVENUES/COSTS**

1. Could you please provide a break-down of total income generated in 1996, 2000, 2003, 2004 and 2005 by the musical organization you are managing, according to the following scheme? (please express figures in thousands Euros)

	1996	2000	2003	2004	2005
	Euros/000	Euros/000	Euros/000	Euros/000	Euros/000
Public Funding					
Box-Office					
Sponsorships					
Donations					
Advertising					
Other Income					
<b>Total Income</b>					

Your comments on how figures should be interpreted:

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2. Could you please provide a break-down of public financial resources absorbed in 1996, 2000, 2003, 2004 and 2005 by the musical organization you are managing, according to the following scheme? (please express figures in thousands Euros)

	1996	2000	2003	2004	2005
	Euros/000	Euros/000	Euros/000	Euros/000	Euros/000
State					
Regions					
Provinces					
Municipalities					
<b>Total public funding</b>					

Your comments on how figures should be interpreted:

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3. Could you please provide a break-down of total expenses generated in 1996, 2000, 2003, 2004 and 2005 by the musical organization you are managing, according to the following scheme? (please express figures in thousands Euros)

	1996	2000	2003	2004	2005
	Euros/000	Euros/000	Euros/000	Euros/000	Euros/000
Personnel costs					
Production costs					
Other costs					
<b>Total Expenses</b>					

Your comments on how figures should be interpreted:

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**SECTION II: FINANCIAL STRUCTURES**

4. Could you please provide an idea of the composition of the balance sheet of the musical organization you are managing for years 1996, 2000, 2003, 2005, according to the following scheme? (please express figures in thousands Euros)

*Balance Sheet 1996*

Current Assets = _____	Current Liabilities = _____
Fixed Assets = _____	Long-term Liabilities = _____
	Net Assets = _____

*Balance Sheet 2000*

Current Assets = _____	Current Liabilities = _____
Fixed Assets = _____	Long-term Liabilities = _____
	Net Assets = _____

*Balance Sheet 2003*

Current Assets = _____	Current Liabilities = _____
Fixed Assets = _____	Long-term Liabilities = _____
	Net Assets = = _____

*Balance Sheet 2005*

Current Assets = _____	Current Liabilities = _____
Fixed Assets = _____	Long-term Liabilities = _____
	Net Assets = = _____

Your comments on how figures should be interpreted:

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5. What do you think about the overall financial structure of the organization you are managing?

- (a) It has become more balanced over the last decade
- (b) It has become less balanced over the last decade
- (c) It has remained more or less stable over the last decade
- (d) It has changed over time over the last decade

Additional comments: \_\_\_\_\_

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**SECTION III: GOVERNANCE CONFIGURATIONS**

**6. The organization you manage is part of the**

- (a) Public sector
- (b) Private sector
- (c) Third sector

Additional comments: \_\_\_\_\_

**7. The organization you manage**

- (a) Has a board of directors
- (b) Doesn't have a board of directors

Additional comments: \_\_\_\_\_

**8. In case your organization has a board of directors, could you please fill in the following graph concerning the structure of the board of directors in 1996, 2000 and 2005?**

	1996	2000	2005
<i>Number of members including the president</i>	_____	_____	_____
<i>Number of members appointed by the state government</i>	_____	_____	_____
<i>Number of members appointed by the regional government</i>	_____	_____	_____
<i>Number of members appointed by the provincial government</i>	_____	_____	_____
<i>Number of members appointed by the municipal government</i>	_____	_____	_____
<i>Number of members appointed by private supporters</i>	_____	_____	_____

Additional comments: \_\_\_\_\_

**9. What do you think about the intrinsic structure of the board of directors in your organization?**

- (a) It is suitable to achieve the institutional goals of the organization and we do not need to improve it
- (b) It is suitable to achieve the institutional goals of the organization but we need to improve it
- (c) It is not suitable to achieve the institutional goals of the organization

Additional comments: \_\_\_\_\_

**10. What do you think about the board of directors in your organization?**

- (a) It is sufficiently accountable for their actions and decisions
- (b) It is sufficiently accountable for their actions and decisions, but it should be more
- (c) It is not sufficiently accountable for their actions and decisions

Additional comments: \_\_\_\_\_

**11. What do you think about governance mechanisms in your organization?**

- (a) They are working effectively and should be kept as they are now
- (b) They are working effectively but should be slightly modified
- (c) They are not working effectively and should be radically modified

Additional comments: \_\_\_\_\_

**12. What do you think about governance mechanisms in your organization with respect to managerial autonomy?**

- (a) They are granting managers both operational and strategic autonomy
- (b) They are granting managers only operational, not strategic autonomy
- (c) They are granting managers only strategic, not operational autonomy
- (d) They are not granting neither operational, nor strategic autonomy

Additional comments: \_\_\_\_\_

**SECTION IV: OUTPUT AND ORGANIZATIONAL PATTERNS**

**13. Which kind of organizational structure does the organization you are managing display?**

- (a) It includes different functional areas but not different divisions
- (b) It encompasses different divisions
- (c) It is a matrix organization
- (d) None of the aforementioned

Additional comments: \_\_\_\_\_

**14. The core activity of the organization you are managing is:**

- (a) opera
- (b) symphonic music
- (c) chamber music
- (d) a mix of (a) and (b)
- (e) a mix of (b) and (c)
- (f) a mix of (a) and (c)
- (g) a mix of (a), (b) and (c)

Additional comments: \_\_\_\_\_

**15. Please describe the output of the organization you are managing according to the following table:**

	1996	2000	2005
<b>Number of artistic productions staged</b>			
<b>Number of performances carried out</b>			
<b>Total Number of co-productions (only for opera)</b>			
<b>Number of co-productions with other music organizations belonging to the same region (only for opera)</b>			
<b>Number of co-productions with other music organizations belonging to the same country (only for opera)</b>			
<b>Number of co-productions with other music organizations belonging to other European countries (only for opera)</b>			

Additional comments: \_\_\_\_\_

**16. Do you feel the organization you are managing should co-produce more with other organizations?**

- (a) No
- (b) Yes, with other musical organizations of the same region
- (c) Yes, with other musical organization of the same country
- (d) Yes, with other musical organization of other European countries
- (e) Yes, with other musical organization of other extra-European countries

Additional comments: \_\_\_\_\_



**17. Do you feel the organization you are managing should increase the circulation of its productions/ performances?**

- (a) No
- (b) Yes, to performing arts venues of the same region
- (c) Yes, to performing arts venues of the same country
- (d) Yes, to performing arts venues of other European countries
- (e) Yes, to performing arts venues of other extra-European countries

Additional comments: \_\_\_\_\_

**Questions number 19-21 are specifically addressed to Opera Houses**

**18. Which kind of production model does the organization you manage deploy?**

- (a) A season ("a stagione") model of production
- (b) A repertory ("a repertorio") model of production, with all singers that are resident singers
- (c) A repertory ("a repertorio") model of production, with part of the singers that are resident singers

Additional comments: \_\_\_\_\_

**19. What do you think your organization should do to improve its efficiency among the following alternatives?**

- (a) Keep the orchestra and the chorus in-house
- (b) Outsource the orchestra and the chorus
- (c) Outsource the orchestra but keep the chorus in-house
- (d) Outsource the chorus but keep the orchestra in-house
- (e) None of the above

Additional comments: \_\_\_\_\_

**20. What do you think your organization should do to improve its effectiveness among the following alternatives?**

- (a) Keep the orchestra and the chorus in-house
- (b) Outsource the orchestra and the chorus
- (c) Outsource the orchestra but keep the chorus in-house
- (d) Outsource the chorus but keep the orchestra in-house
- (e) None of the above

Additional comments: \_\_\_\_\_

**SECTION V: DÉSÉTATISATION / PRIVATIZATION PROCESSES**

**21. The organization you are managing was founded as a:**

- (a) Public organization, in year \_\_\_\_\_
- (b) Private organization, in year \_\_\_\_\_
- (c) Non-profit organization, in year \_\_\_\_\_

Additional comments: \_\_\_\_\_

**22. The organization you are managing is currently a:**

- (a) Public organization, since year \_\_\_\_\_
- (b) Private organization, since year \_\_\_\_\_
- (c) Non-profit organization, since year \_\_\_\_\_

Additional comments: \_\_\_\_\_

**23. The organization you are managing has gone through the following transformation process (answer only if applicable):**

- (a) From public to private in year \_\_\_\_\_
- (b) From public to non-profit in year \_\_\_\_\_
- (c) From private to non-profit in year \_\_\_\_\_
- (d) From private to public in year \_\_\_\_\_
- (e) From non-profit to public in year \_\_\_\_\_
- (f) From non-profit to private in year \_\_\_\_\_

Additional comments: \_\_\_\_\_

**24. Please answer this question ONLY if you answered (a) or (b) in the previous question. You can assess the impact of the transformation on public funding, financial structures, income, etc. by circling the alternative you think is correct (positive, negative, not relevant)**

Impact of transformation on:	Positive	Negative	Not relevant
<b>Public Funding</b>	Increase	Decrease	No impact
<b>Financial Structures</b>	Better balance between assets and liabilities	Better balance between assets and liabilities	No impact
<b>Income</b>	Increase	Decrease	No impact
<b>Board of directors</b>	Improvement of quality	Worsening of quality	No impact
<b>Organizational structure</b>	Advancement	Worsening	No impact
<b>Human resources management</b>	More efficient	Less efficient	No impact
<b>Number of productions</b>	Increase	Decrease	No impact
<b>Quality of productions</b>	Improvement of quality	Worsening of quality	No impact
<b>Number of performances</b>	Increase	Decrease	No impact
<b>Quality of performances</b>	Improvement of quality	Worsening of quality	No impact
<b>Attendance</b>	Increase	Decrease	No impact

Additional comments: \_\_\_\_\_

Respondent Information

**Number of years You have been working for this organization: \_\_\_\_**

**Country wherein the organization is located: \_\_\_\_**

-THANK YOU VERY MUCH FOR YOUR PRECIOUS CONTRIBUTION -

## Annexe 2 List of topics dealt with in interviews<sup>15</sup>

### CULTURAL POLICIES AND PUBLIC FUNDING RATIONALE

- Cultural policies for classical music: adequacy, development, degree of detail of policy instruments
- Cultural policy for classical music vs. for cultural policy other cultural goods/activities, cultural policy for classical music and vs. cultural policy for other performing arts (drama theatre)
- General objectives and principles of cultural policy for classical music
- Main elements of the current national cultural policy model for classical music
- Main cultural policy issues and priorities about classical music
- Competence, decision making and administration for the classical music sector
- Legal provisions and regulations for subsidized classical music
- Rationale for public funding of classical music
- Inter-ministerial or inter-governmental cooperation for classical music
- International cultural cooperation for classical music

### FUNDING AND FINANCIAL STRUCTURES

- Public expenditure for the performing arts as a whole and for classical music: expected trends in the future
- (Self) Assessment of current policy makers' knowledge (and knowledge gap) of funding needs of classical music
- Overall description of the funding system
- Allocation of public funding responsibilities for classical music (central versus local governments)
- Mechanisms for allocating grants
- Public/private funding of classical music: comparison and expected evolution over time
- Funding strategies and evaluation (mechanisms for allocating grants)
- Re-allocation of funding responsibilities between civic, regional and national authorities
- Financial structures

### CORPORATE GOVERNANCE STRUCTURES

- Mapping juridical forms for classical music;
- Juridical forms and institutional goals;
- Managing/supervising boards of director: structure, composition, accountability, autonomy, relationship with politicians and institutional goals;
- Effectiveness of governance mechanisms

### ORGANIZATIONAL STRUCTURES AND INDUSTRIAL DYNAMICS

- Production models;
- Co-producers;

### DÉSÉTATISATION AND PRIVATIZATION PROCESSES

- Ongoing processes of privatization, deregulation, *désétatisation*: major features and characteristics;
- Impact of *désétatisation* on: public funding, financial structures, income/expenses, board of directors, organizational structures, HRM, artistic quality, attendance

<sup>15</sup> Interviews were conducted with representatives of cultural ministries, arm's length financing bodies, central and regional statistical offices and observatories of ministries/arm's length financing bodies, research scholars and experts in cultural policies for classical music.

## Annexe 3: Live classical music organizations in the six selected countries

### France

French LCMOs analyzed in this report include:

- *Opéra National de Paris (ONP)* – located in Paris, ONP is France's most prestigious and largest operatic institution, producing on average 20 operas each year for a total of about 160 performances. It is a public organization [*établissement public à caractère industriel et commercial*] directly under the control of and funded entirely by the Ministry of Culture and Communication. Its finances are controlled by the Ministry of Finance. It deploys a quasi-stagione model of production (with a significant number of singers that are recruited for specific productions) and also stages a ballet season
- *opéras en region* – there are 13 of these, including regional opera houses across 11 of the 26 regions in France. Many of them are in the south, such as the *Théâtre du Capitole* in Toulouse, the *Opéra de Montpellier*, the *Opéra de Marseille*, the *Opéra d'Avignon et des pays de Vaucluse*. Most of the opera houses are organizations integrated into their municipal administration. They typically produce/present with resident permanent artistic ensembles (orchestra, sometimes corps de ballet and chorus<sup>16</sup>) and their typical portfolio of activities includes opera produced on a stagione model, as well as symphonic and chamber music. Usually they produce less than 10 operas a year.
- *orchestres permanents* – in 2004 included 32 permanent orchestras either members or associates of the French Association of Orchestras (AFO) [*Association Française des Orchestres*]. They are permanent professional ensembles engaged annually with a symphonic season but also involved in opera production.<sup>17</sup> They are not integrated into the opera companies listed above, and are distributed in 15 of the 26 regions, with a higher concentration in the regions of Île-de-France -de-France, Provence, Rhône-Alpes<sup>18</sup>,..
- *orchestres de radiodiffusion*– to of the radio orchestras include the *Orchestre National de France* and the *Orchestre Philharmonique de Radio France*. They are permanently engaged with broadcasting and are paid through the licence fee.

The aforementioned organizations get substantial yearly public subsidies (that are practically guaranteed, although they may decrease). Besides all these institutions, there are permanent/temporary organizations that do not operate as year-round institutions and that receive smaller subsidies that can be easily discontinued over time. In particular they were as follows (their number is of course subjected to fluctuation):

- *ensembles de musique professionnels* – professional musical ensembles (in 2004 there were 153 funded on a specific project by the Ministry of Culture and Communication). They are music ensembles specializing in a specific repertory (such as ancient and baroque music) and employing so-called intermittent musicians (professional musicians working part-time with that specific ensemble). They are distributed all over France. Almost half of them belong to the federation of specialized vocal and instrumental ensembles (FEVIS) [*Fédération des Ensembles Vocaux et Instrumentaux Spécialisés*]. They usually have to provide a certain number of concerts, although unlike permanent orchestras they are not tied to working for a specific season under a pre-defined rigid contract<sup>19</sup> (*conventions d'objectifs*).
- *festivals de musique* – in 2004 a total of 135 music regional festivals were funded by the Ministry of Culture

16 Not necessarily the choruses are made up of professional singers. As in the cases of choruses working with permanent orchestras (such as the Orchestre de Paris).

17 In Paris and Lyon the symphonic orchestras are not usually involved in opera productions since each opera house has its resident orchestra. Other orchestras, such as the Orchestre de Lille, de Bretagne, d'Île de France and de Picardie are mainly involved in symphonic music.

18 Apart from the Orchestra de l'Opéra National de Paris, in Paris there are other professional permanent orchestras such as the Orchestre de Paris, the Orchestre Philharmonique de Radio France and the Orchestra National de France, the Ensemble Intercontemporain, the Ensemble Orchestral de Paris, and the Orchestre National d'Île-de-France.

19 Usually the contract defines how many performances should be carried out in one year (either in the home theatre or touring), the venue where the performances should be carried out, etc.

and Communication. In France most are festivals specializing in genres such as baroque, classical and contemporary music (Negrier and Jourda, 2007)

- *scènes nationales, scènes conventionnées* – these are mostly organizations mainly presenting productions carried out elsewhere. For example the *Opéra de Massy* is a theatre presenting operas that are produced by other opera houses.

## Germany

German LCMOs analyzed in this report include:

- *Öffentliche Theater* – include 92 public theatres that have produced/performed at least an opera and/or a classical music concert over the season in question<sup>20</sup>. Typically they manage a portfolio of both music programmes and drama programmes. The music programmes may range from opera, to symphony and chamber music concerts and in some cases also ballet<sup>21</sup>. They are found in all of the 16 confederate states (*Länder*), but with the highest concentration in the Nordrhein-Westfalen, Bayern, Sachsen and Baden-Württemberg<sup>22</sup>. When opera are being presented, most of the theatres operate on the repertory model of production (Adorno 1962) with resident artistic ensembles (orchestra<sup>23</sup> and chorus) and singers, even though there are cases of 'semi-repertory', with invited guest singers.
- *Selbstständiges Kulturorchester* – there are 53, including independent concert orchestras (not permanently integrated into theatres) that usually perform both symphonic and chamber music concerts. They are distributed over 12 *Länder* and are mainly concentrated in Nordrhein-Westfalen, Bayern, Sachsen and Baden-Württemberg.
- *Rundfunkorchester* – there are 12 radio orchestras, playing both symphonic and chamber music. They are distributed over 10 *Länder* and are mainly concentrated in Baden-Württemberg;
- *Private Theater* – there are theatres all over Germany, but most are in Nordrhein-Westfalen, Bayern, Hamburg and Baden-Württemberg. Only some of them produce music.
- *Festspiele* – festivals: organizations that do not operate as year-round institutions and receive smaller public subsidies.

## Italy

Italian LCMOs analyzed in this report include:

- *fondazioni lirico-sinfoniche* – there are 13, in the bigger cities throughout Italy, ranging from *Teatro G. Verdi* in Trieste in the north to *Teatro Massimo* in Palermo, Sicily, in the south. They include the most important opera houses in Italy such as *Teatro alla Scala* in Milan and the most prestigious symphony orchestra (*Accademia Nazionale di Santa Cecilia* in Rome). They all operate on the stagione model of production (Adorno 1962) with resident artistic ensembles (orchestra and chorus) and manage a portfolio of programmes ranging from opera, to symphony and chamber music and in some cases also ballet. They absorb the lion's share of state funding for the performing arts (it was 58.3 per cent in 2005).
- *teatri di tradizione* – there are 26, including smaller theatres operating usually in smaller cities nationwide. They perform both an opera (with a stagione model of production) and sometimes a symphonic music season,

<sup>20</sup> According to the *Theaterstatistik 2004/2005* published by the *Deutscher Bühnenverein - Bundesverband der Theater und Orchester*, there were 145 *Öffentliche Theater*. According to the database *OperaEuropa*, in 2006 the total number of organizations producing opera (including also festivals) in Germany was equal to 145.

<sup>21</sup> Only two of these theatres are almost exclusively concentrated on opera: *Deutsche Oper* in Berlin and the *Bayerische Staatsoper* in München

<sup>22</sup> However there are differences between those *Länder*. In Bayern and Baden-Württemberg the major cities München and Stuttgart dominate the cultural scene with their big theatres, whereas in Nordrhein-Westfalen a host of cities (such as Cologne, Essen, Düsseldorf, Dortmund, Bonn, Bielefeld, Aachen, Münster) makes the major contribution to the performing arts scene (Esch 2007).

<sup>23</sup> The total number of orchestras integrated in-house within a theatre (In Theater integrierte Kulturorchester) were 70 in 2004/2005. This probably means that in some cases *Öffentliche Theater* deploy the *Selbstständige Kulturorchester* to perform their music (opera or symphony) programmes/seasons.

in addition to a substantial drama season. They usually deploy a regional orchestra that is not necessarily resident.

- *istituzioni concertistico-orchestrale* – 13 symphony orchestras, engaged especially with symphony seasons but also serving operatic initiatives.

The aforementioned organizations are recognized by law and therefore receive substantial yearly public subsidies (that are practically guaranteed, although they may decrease). Besides these institutions are permanent/temporary organizations that do not operate as year-round institutions and that receive smaller subsidies that can be discontinued. In particular they are as follows (their number fluctuates):

- *attività concertistiche e corali* (201 were funded by the state in 2005). They are concert orchestras and choruses mainly operating on a local basis.
- *festivals* (68 were funded by the state in 2005). They are mostly opera and chamber music festivals. Some of them have a consolidated tradition and an international reputation such as the *Festival Pucciniano* in Torre del Lago (Lucca) or the Rossini Opera Festival in Pesaro.
- *complessi musicali* (1193 were funded by the state in 2005). They are brass and wind ensembles distributed all over Italy (especially in the south) mainly made up by amateurs and playing especially on the occasion of popular religious feasts and saints celebrations.

## Poland

Polish LCMOs analyzed in this report include:

- *opery*<sup>24</sup> – there were nine, including public theatres that have produced/performed at a least an opera and/or a classical music concert over the considered season. Typically they manage a portfolio of musical programmes. The former ones may range from opera, to symphony and chamber music concerts and in some cases also ballet. They are in many of the 16 voivodships all over Poland. When an opera is being produced, most of the theatres use the repertory model of production (Adorno 1962) with resident artistic ensembles (orchestra and chorus) and singers, even though there are cases of 'semi-repertory' with invited guest singers (as in Polish National Opera).
- *filharmonie, orkiestry* – consists of 22 philharmonic orchestras engaged with opera, symphonic and chamber music. They are distributed over many voivodships.
- *filharmonie, chóry* – 17, including include choirs and minor symphonic institutions often playing for other major institutions (such as opera houses).

## Sweden

Swedish LCMOs analyzed in this report include:

- *professionella orkestrar* – 28 including both professional orchestras differing in terms of size (from 15 to 133 musicians) and repertory (from early baroque music to contemporary music). More specifically, they consist of five big symphony orchestras (*större symfoniorkestrar*), two small symphony orchestras (*mindre symfoniorkestrar*), four operatic orchestras (*operaorkestrar*), two small symphony orchestras usually employed for operatic activities (*mindre symfoniorkestrar/sinfoniettor med huvudsaklig funktion inom operaverksamhet*), seven chamber orchestras (*sinfoniettor/kammarorkestrar*), two percussion orchestras (*stråkorkestrar*), four wind orchestras (*blåsorkestrar*) and two big band orchestras (*storband*).

All of the orchestras receive grants from the public sector under the form of institutional financing. All but two receive a form of state subsidy: 15 out of 26 are regularly subsidized by the state; the remaining 11 are only partially subsidized by the state either via grants to the regional musical organizations (*musikverksamhet*) or through grants to the music theatres. Out of the 15 orchestras regularly funded by the state, seven collect funding through the regional music institutions (*regional musikverksamhet*);

<sup>24</sup> According to the source *Operabase*, the number of organizations producing/presenting opera in 2006 were 12 in Poland.

- *operahus and musikteater*. The *operahus* [opera houses] typically manage a portfolio of both musical programmes ranging from opera to operetta to (symphonic and chamber music) concerts and also ballet. Artistic ensembles (orchestra, chorus and sometimes ballet) are integrated into a single, vertical organizational structure for the bigger opera houses: For example, the Royal Swedish Opera (*Kungliga Operan*) based in Stockholm has a resident orchestra (*Kungliga Hovkapellet*), chorus (*Kungliga Operans kör*), and ballet (*Kungliga Baletten*), as well as resident opera singers<sup>25</sup>; the Gothenburg Opera (*Göteborg Operan*) has resident orchestra, chorus and ballet but deploys a semi-repertory model of production (only some of the singers are resident); the smaller opera houses deploy a stagione model of production and often do not rely on resident artistic ensembles. Opera houses are concentrated in the major cities (such as Stockholm, Göteborg, Malmö) and their county councils. There are also music theatres that do not operate as year-round organizations, in places such as Vadstena, Drottningholm, Confidencen. Public funding usually comes from different levels of government (state, county council and municipality).

Besides the aforementioned institutions, there are temporary organizations that receive smaller public subsidies that can be discontinued over time. In particular they are:

- *Regional musikverksamhet* – regional music organizations that operate year round
- *129 fria musikgrupper* – free music ensembles and other organizations that are a complement to the subsidized institutions of the music landscape.

## UK

UK LCMOs analyzed in this report include:

- *large scale operas*<sup>26</sup> – including English National Opera (ENO), Glyndebourne Touring Opera, Opera North, the Royal Opera House (ROH), Scottish Opera and Welsh National Opera (WNO). Apart from Glyndebourne Touring Opera, which does not operate as a year-round institution<sup>27</sup>, the companies typically manage a portfolio of both music programmes, ranging from opera and operetta to (symphonic and chamber music) concerts and (in the cases of ROH and ENO) also ballet<sup>28</sup>.

Artistic ensembles (orchestra, chorus and sometimes ballet) as well as technical staff, are integrated into a single, vertical organizational structure except for the Glyndebourne Touring Opera (which takes the same productions of the Glyndebourne Festival Opera on tour, recruiting the Glyndebourne Touring Opera Orchestra). Many of those opera houses are currently adopting a stagione model of production (see the Royal Opera House) whereas some of them (see ENO) are repertoire operas. Opera houses are concentrated in the major cities (ROH and ENO are located in London, Welsh National Opera is in Cardiff, Scottish Opera is in Glasgow, Opera North has its home theatre in Leeds but also operates in Manchester, Nottingham and Hull). Public funding for these organizations usually comes primarily from Arts Council England and secondarily from local authorities with a few exceptions: Scottish Opera has until recently been funded as a ‘regularly funded organisation’ by the Scottish Arts Council<sup>29</sup>, Welsh National Opera is funded as a ‘regularly funded organization’ by the Arts Council of Wales and by Arts Council England (for its extensive tours in major English cities) while Glyndebourne Festival Opera is

25 This means that the opera house deploys a repertory model of production (Adorno 1962).

26 These operas are also members of the SoLT/TMA – Society of London Theatre/ Theatre Management Association, together with Glyndebourne Festival Opera. Minor but still significant opera companies that have not been included are Kent Opera, Opera 80, Opera Northern Ireland.

27 The summer productions of the Glyndebourne Festival Opera tour during the other months of the year.

28 The Royal Opera House includes the Royal Ballet alongside the Royal Opera, whereas ballet performances at the Coliseum are in-coming companies.

29 Recently there has been a significant change in Scotland and the SO is now directly funded by the Scottish Executive.

entirely supported by earned income and private contributed income.

- *permanent orchestras and chamber music ensembles* – 16, including both professional orchestras and chamber music ensembles of different size and with different repertoires, all funded regularly by Arts Council England. Most of them operate from London (among the symphony orchestras: London Philharmonic Orchestra, Royal Philharmonic Orchestra, London Symphony Orchestra, Philharmonia Orchestra; among the chamber orchestras: London Sinfonietta etc.) and in the major cities (Birmingham Contemporary Music Group, Manchester Camerata, and so on). They are regularly funded by Arts Council England<sup>30</sup>.

30 Also the Royal Scottish National Orchestra, and Ulster Orchestra are RFOs, even though they are funded by the Scottish Executive and ACNI respectively.



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## LIST OF CPRA 2006 JURY MEMBERS

Milena Dragicevic Sestic, President of the Jury (Serbia)

Ritva Mitchell, Jury member (Finland)

Lluís Bonet, Jury member (Spain)

Veronika Ratzenböck, Jury member (Austria)

Michael W. Quine, Jury member (UK)

Mikko Lagerspetz, Jury member (Estonia)

### **Milena Dragicevic Sestic, President of the Jury (Serbia)**

Professor at the Faculty of Drama of the University of Arts in Belgrade (Cultural Policy and Cultural Management, Cultural studies, Media studies); Chair-holder of the UNESCO Chair in Cultural Policy and Management University of Arts Belgrade; President of the Orientation Board of the European Diploma in Cultural Project Management (Marcel Hicter Foundation, Brussels); Board member of ELIA (European League of Institutes of the Arts, Amsterdam). Former Rector of the University of Arts in Belgrade; Member of the Art & Culture Sub Board, Open Society Institute (Soros fund), Budapest.

Lecturer in Moscow School of Social and Economical Sciences, MA-AMEC, Utrecht School of the Arts, CEU Budapest, Lyon II, Jagiellonian University Krakow, etc. Expert, consultant in cultural policy and management for the European Cultural Foundation, Council of Europe, UNESCO, Marcel Hicter Foundation, Pro Helvetia, British Council, etc.

Published 15 books and more than 100 essays. Translated in over 10 languages all over the world.

### **Ritva Mitchell, Jury member (Finland)**

Director of Research CUPORE (Finnish Foundation for Cultural Policy Research), Lecturer at the University of Jyväskylä, Faculty of Social Sciences. former President of the Cultural Information and Research Centres Liaison in Europe (CIRCLE), the European Research Institute for Comparative Cultural Policy and the Arts (ERICArts) and of the Orientation Board of the European Diploma of Cultural Project Management (Marcel Hicter Foundation, Brussels). Lecturer at the Sibelius Academy of Music (MA Programme in Arts Management) in Helsinki.

She is involved in a number of research projects in Europe. Member of the editorial board of the Nordisk Kulturpolitisk Tidskrift (Nordic Cultural Policy Journal). She has published articles and papers on youth cultures, artists, cultural policies, new technologies and European issues in Finland and in Europe.

### **Lluís Bonet, Jury member (Spain)**

Professor of the University of Barcelona, and former President of the European Network of Cultural Administration Training Centers (ENCATC). Vice-President of the European Association of Cultural Researchers (ECURES), board member of the Association of Cultural Economics International (ACEI), and member of the Board of Trustees of Abacus (the largest Spanish cooperative on education and culture).

External advisor in cultural policies, statistics and economics at the Council of Europe, the European Union, the Inter-American Development Bank, UNESCO, and the Organization of Ibero-American States for Education, Science and Culture (OEI). Director of a large number of research studies in cultural economics and cultural policies.

Teaching: Director of the Graduate Programmes on Cultural Management of the University of Barcelona. Professor undergraduate courses at the same university (Schools of Law, Economics, Documentation and Librarianship) on Political Economy Cultural Economics, Cultural Industries, Cultural Management and Policy. Research fellow and Assistant Professor on Cultural Policy at the Massachusetts Institute of Technology (1991-1992). Guest Professor in different graduate programmes on arts and heritage management, and lecturer in courses and seminars in more than 20 countries in Europe, Latin America and USA.



**Veronika Ratzenböck, Jury member (Austria)**

Director of the “Österreichische Kulturdokumentation, Internationales Archiv für Kulturanalysen” a non-university institute for applied cultural research and cultural documentation founded in 1991([www.kulturdokumentation.org](http://www.kulturdokumentation.org)).

Research projects on culture, economic and social history of the 20<sup>th</sup> and 21<sup>st</sup> century; Visiting professor at the Institute of Philosophy of Law at the University of Salzburg (subject: “the European project”) . Lecturer in cultural studies and cultural policy at the University of Vienna. Since 1998 consultant to the Council of Europe, Programme: Evaluation on national cultural policies (Croatia and Bosnia&Herzegovina).

Research and advisory work in Comparative cultural policy, European cultural and media policy and cultural aspects of European integration, cultural and creative industries, urban cultural policy, culture and employment, EU cultural policy, cultural studies (e.g. the “Exploitation and development of the job potential in the cultural sector” 2001, commissioned by the European Commission, DG Employment and Social Affairs, project: “Cultural Competence. New Technologies, Culture % Employment” 1999, study “The potential of Creative Industries in Vienna” commissioned by the City of Vienna ([www.creativeindustries.at](http://www.creativeindustries.at)).

**Michael W. Quine, Jury member (UK)**

Senior Lecturer in Arts Management at London City University.

Acting Head of Department, Department of Arts Policy & Management, City University London.

An extensive career in managing arts organisations, in educating arts managers and in research. Initially from a theatre background, his interests range from the economics of the arts to arts marketing and financing, and into international comparisons. His international teaching experience includes countries as diverse as the US, Greece, Finland, Moldova, Spain and Russia (St Petersburg). Founding member a multi-university exchange programme, funded by the EU SOCRATES programme, encouraging staff and student mobility as well as annual conferences. During the last three years, as a Vice-Chair and Board member of ENCATC (European Network of Cultural Administration Training Centres), he organised the first non-Francophone AIMAC conference, in London in 1995, and also works within the Scientific Committee for successive conferences (e.g. in Australia, Helsinki, San Francisco and Milan) into international comparisons of these and a range of wider policy issues. President of the Thomassen Fund in support of the mobility of educators and trainers in arts management.

**Mikko Lagerspetz, Jury member (Estonia)**

Professor of Sociology at the Estonian Institute of Humanities. Born and educated in Finland, and since 1989 he resides in Estonia, currently a Professor of Sociology.

Rector, 1998-2001. Docent of Sociology at the University of Turku, since 1997.

President of the Estonian Association of Sociologists, 1998-2003 (re-elected twice).

Member of the Board, Open Estonia Foundation, 2001-2004. Honorary Member, Wind Orchestra of the University of Turku, 1991.

Involved in research and evaluation of Estonian cultural policies. Research on cultural policies, social problems, and civil society.

Publications (among others): Constructing Post-Communism (Turku, 1996); Estonian Cultural Policy and Its Impact, 1988-1995 (with Rein Raud; Strasbourg, 1996); recent article: “How many Nordic countries? Possibilities and limits of geopolitical identity construction”. Cooperation and Conflict, 2003.

# Marcello M. Mariani

Marcello M. Mariani is Assistant Professor of Management at the University of Bologna where he received his PhD in 2005. He teaches at the Faculty of Economics of Rimini and at the Faculty of Economics of Bologna. He has been a visiting scholar at the H. John Heinz III School of Public Policy and Management and Tepper School of Business, Carnegie Mellon University, Pittsburgh (USA), the School of Business, University of Technology, Sydney (Australia) and is currently visiting the Stern School of Business, New York University (USA).

Awarded with the Endeavour Australia Postdoctoral Research Fellowship 2005 (*Department of Education, Science and Training, Australian Government*), the Cultural Policy Research Award 2006 (*ECF and Bank of Sweden Tercentenary Foundation*) and the IRI Foundation Management Research Scholarship 2007/2008 (*IRI Foundation*) he also received a Honourable Mention for the Imagination Lab Award for Innovative Scholarship 2008 (*European Academy of Management and Imagination Lab Foundation*).

His research interests include: economic behaviour of individuals and organizations in creative industries, dynamics/strategies of 'co-opetition'; organizational learning; privatization, *désétatisation* and outsourcing processes for public sector organizations, with a focus on human resources management.

Marcello Mariani's work has been included in publications by international and Italian academic publishing houses, such as Routledge, Springer, Edward Elgar, Franco Angeli, Il Mulino, and in periodicals such as the *International Studies of Management and Organization*, the *International Journal of Learning and Intellectual Capital*, *Public*, *Aedon*, *Economia della Cultura*.

He also holds a degree in classical composition and counterpoint from the Conservatorium of Music "G.B. Martini" in Bologna and is a member of the Italian Society of Authors and Editors (SIAE).

E-mail: [marcello.mariani@unibo.it](mailto:marcello.mariani@unibo.it)

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Jan van Goyenkade 5  
1075 HN Amsterdam  
The Netherlands

t +31 20 573 38 68

f +31 20 675 22 31

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