



La Musica Classica come Bene Meritorio in Europa: Tendenze, Prospettive ed Aspetti Critici

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Invited Lecture nell'ambito del corso
GOVERNING THE COMMONS

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Contents

- Classical music and Performing arts: features and definitions
- Performing arts in the social sciences:
 - In the economic literature (Baumol disease, merit goods)
 - In the managerial literature (project mgmt, cost variability regimes)
- Ongoing trends in European classical music
 - The Italian Fondazioni Lirico-Sinfoniche
 - Major PA institutions in the UK
- Implications for Cultural Policy Makers and Managers (in the cultural and cultural tourism fields)

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About Music...

If a composer could say what he had to say in words he would not bother trying to say it in music. ~Gustav Mahler

Without music life would be a mistake. ~Friedrich Wilhelm Nietzsche

The taxpayers cannot be relied upon to support performing arts such as opera. As a taxpayer, I am forced to admit that I would rather undergo a vasectomy via Weed Whacker than attend an opera. ~Dave Barry


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Classical Music (1)

- No universally accepted definition of classical music in current social sciences literature
- '**Classical music**' is an imprecise term because it can have:
 - a narrow and arbitrary meaning: 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 predominant;
 - 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


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Classical Music (2)

- For convenience' sake classical music includes any org producing or presenting opera, operetta, symphonic and chamber music;
- Typically these organizations are publicly subsidized established institutions either producing or presenting live classical music, on a continuing basis and in a professional fashion

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The Performing arts


- Include:
 - Any artform based on live performance
 - Live music (classical or pop/modern)
 - Live drama
 - Circus

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The Performing Arts in the Social Sciences

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The Performing Arts in the Social Sciences

- Economics: Baumol Disease and merit good
- Impact studies
- Cultural policy studies
- Cultural industries and districts
- Management:
 - NPM and privatization processes
 - Trade-off efficiency/effectiveness
 - Performance measurement
 - Project management

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Beethoven Fifth!

<http://www.youtube.com/watch?v=AXbm-w8jdm4> (Furtwangler, 1954)

<http://www.youtube.com/watch?v=4J9uiOrCx48&feature=related> (Muti, 1998)

<http://www.youtube.com/watch?v=SExR2h20HIQ> (Abbado, 2001)

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The Baumol “cost disease” (1)


Empirical observation:

“The labor hours required to perform a Beethoven symphony quartet remain TODAY exactly what they were when Beethoven wrote it”

Departing from this observation, the economists W. Baumol and W. Bowen (1965, 1966) elaborated an economic model useful to analyse long-term developments in the performing arts:

The most dominating single concept in cultural economics

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The Baumol “cost disease” (2) Acute Version (1965)

Basic intuition of Baumol's model of 'unbalanced growth' is simple:

- (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


Consequence:

In order to recover ever-increasing costs, PA orgs should increase their revenues through ever-rising prices (since seating capacity is limited). But this reduces attendance and in the end threaten the existence of performing arts

DEATH OF THE PERFORMING ARTS

Only an increase of real subsidies may compensate the increasing costs: **RATIONALE** for **PUBLIC SUBSIDY** in the performing arts

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The Baumol “cost disease” (3) Suppressed Form (1985)

In the face of ever increasing costs, performing arts organizations may “debase the product” (Baumol and Baumol, 1985b: 222) by following strategies of survival such as:

- cuts in the number of rehearsals/performances (e.g., at the ROH a cut of new production reduces a season's cost by 14%);
- reduction of cast sizes (e.g., Broadway: from 15,8 to 8,1 over 1946-1977);
- reduction of quality of performers;
- opting for larger theatres;
- opting for simpler sets;
- choosing fewer modern works for which copyright fees have to be paid

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Live Classical Music as a merit good

- “Merit good” (Musgrave, 1957) = a good whose consumption is socially desirable regardless of individual preferences, since it generates positive effects (“externalities”) on the overall community.
- Conditions for existence:
 - (1) there are preferences (*constitutional preferences*) that characterize the society/community as a whole;
 - (2) social/community preferences vs. individual but community are more relevant;
 - (3) forms of paternalism (e.g., through subsidies) are realized in conditions of high inequality.

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Who is meritorious among these artists?




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Impact studies

- Economic value of the PAs?
- Economic impact on income, employment, consumption of:
 - A one shot cultural event
 - A collection of cultural events of a city/region/country
- Economic impact:
 1. Direct effects (direct prod of employment/income)
 2. Induced effects (employment/income in other economic fields)
 3. Indirect effects (multiplicative effects associated to 1&2)


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Cultural Policy studies

- Few comparative studies for the PAs in different countries (Mariani 2009)
- Usually commissioned by individual governments

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Cultural industries

- Creative industries *lato sensu* (Hirsch 1972; Caves 2000)
- Performing arts:
 - Governance issues (Hansmann 1997)
 - Economic features (Moore 1968)
 - Political issues (Krebs and Pommerhene 1995)
 - Festivals (Frey 1994)
 - Repertory innovation (Pierce 2000, Heilbrun 2001)


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Management and the PAs

- We are lagging behind!!!
- Studies on the PAs with a diverse approach:
 1. Organization (Glynn 2000)
 2. Strategy (Voss et al. 2000)
 3. Marketing (Colbert et al 1998)
- Studies on opera companies (80s):
 1. Number increased from the 90s
 2. Transformation of Enti Lirici into foundations (Brunetti 2000; Nova 2002; Sicca & Zan 2005; Mariani 2008)


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NPM and privatization

- NPM: body of administrative principles as guidelines for outsourcing and privatization processes
- 2 sides of NPM:
 1. role of *accountability* for managers in public administration held responsible for justifying their actions
 2. performance measurement through *rating* and *benchmarking* systems
- From 1 to 2


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Trade-off efficiency/effectiveness

- Before privatizing assessment should be carried out:
 - Efficiency: cutting costs
 - Effectiveness: achievement of artistic/cultural objectives
- Often Efficiency and Effectiveness are in conflict. See artistic cachet for opera singers!


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Performance measurement

- Performance is multi-dimensional:
 - Artistic performance (critics' score)
 - Commercial performance (box office)
 - Financial performance (surplus/deficit)
- Different stakeholders target different dimensions of performance
- Different objectives: (a) artistic/social; (b) economic; (c) competitive
- The 4E: Efficiency, Effectiveness, Economy, Equity

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Project Management

- Many artistic orgs in the PAs are project-based or work on portfolio of projects
- Projects consisting of different stages:
 1. Initiating (objectives of project)
 2. Planning (definition of budget/time/quality):
 1. Budgeting
 2. Scheduling
 3. Implementing
 4. Evaluating and terminating

Monitoring and controlling at each stage

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PROJECT MANAGEMENT IN THE OPERA SECTOR

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Music programs/projects: an application in the opera sector

- Artistic season of an opera company: portfolio of businesses:
 1. Opera season
 2. Symphonic season
 3. Chamber music season
- Each business/season is a portfolio of productions/programs. For example:
OS includes: O1, O2,, On
- Each production can be seen as a project and is a collection of performances

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The opera production/project: Revenue and Costs

Costs pertaining to the Production or Performance can be Fixed or Variable

- Fixed Costs across Production/Title (FCT): costs for designing the artistic season/program, costs for permanent artistic personnel (artistic director)
- Variable Costs across Production/Title (VCT):
 1. Fixed Costs Across Performance (FCP): costs for artists paid "a cachet" (conductor, director, etc.), costs for artistic and technical personnel before the Premiere, costs for conferences on the opera;
 2. Variable Costs Across Performance (VCP): costs for royalties such as SIAE, costs for artists paid "a prestazione" (singers), costs for usher personnel employed in individual performances

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The lifecycle of an operatic production

Exhibit 1 - Typical Operatic Show Life Cycle at the Teatro Comunale di Bologna

Reference	Reference activity	Activities	Actors involved
CHOICE OF THE OPERA and ARTISTIC-CULTURAL PLAN	CHOICE OF THE CONDUCTOR	DEFINITION OF THE OPERA BY THE ARTISTIC PLAN	Superintendent, Artistic Director, Musical Director
	CHOICE OF THE STAGE MANAGER		Superintendent, Artistic Director
	CHOICE OF THE SCENERY DESIGNER		Superintendent, Artistic Director
	CHOICE OF THE LIGHT DESIGNER		Artistic Director
DEFINITION OF THE PEOPLE IN CHARGE OF THE ARTISTICAL AND SCENIC DESIGN	CHOICE OF THE LIGHT DESIGNER		Artistic Director
	CHOICE OF THE LIGHT DESIGNER		Superintendent, Artistic Director, Musical Director
NEGOTIATION AND ARTISTIC CONTRACTS	NEGOTIATION AND ARTISTIC CONTRACTS	ARTISTIC CONTRACTS NEGOTIATION	Administrative Director
	DEFINITION OF THE PRODUCTION CALENDAR		Artistic Director, Personnel Director, Administrative Director
	DEFINITION OF INCLUSIVE ENGAGEMENT		Superintendent, Production Manager
	DEFINITION OF INCLUSIVE ENGAGEMENT		Superintendent or Orchestra & Chorus
SCENERY	SCENERY CREATION	SCENERY CREATION	Artistic Director, Stage Orchestra and Chorus conductor
	SCENERY CONTRACTING		Public Relations Office
	COSTUME PURCHASE/SELECTION		Artistic Director, Stage Orchestra and Chorus conductor
	COSTUME PURCHASE/SELECTION		Public Relations Office
MUSICAL REHEARSALS	MUSICAL REHEARSALS	MUSICAL REHEARSALS	Artistic Director, Stage Orchestra and Chorus conductor
	MUSICAL REHEARSALS		Stage manager, non-singing actors
	MUSICAL REHEARSALS		Orchestra conductor, Orchestra
	MUSICAL REHEARSALS		Principal singer and Chorus (with music), Orchestra
PREMIERE PERFORMANCES	PREMIERE PERFORMANCES	PREMIERE PERFORMANCES	Artistic Director, Stage Orchestra and Chorus conductor
	PREMIERE PERFORMANCES		Orchestra, Chorus and Principal singer (with music), non-singing actors
	PREMIERE PERFORMANCES		Orchestra, Chorus and Principal singer (with music), non-singing actors
	PREMIERE PERFORMANCES		Orchestra, Chorus and Principal singer (with music), non-singing actors

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Ongoing trends in European classical music (1)

- » Responsibility for public funding and the administration of LCMOs in Europe 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
- » In many continental European countries live classical music organizations have undergone a process of 'desétatisation', a shift towards diversification of ownership and especially changes of the legal status to private organisations, foundations or associations

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Ongoing trends in European classical music (2)

- » Cultural policy-makers have sometimes characterized the above shift as a substantial privatization, but there may have been no significant changes in the 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 (merit???)
- » The survival of LMCOs may be more likely if they are encouraged to cooperate at a local level, with co-productions, sharing of artistic ensembles, etc.
- » Individual organizations may survive if they can secure the support of politicians, as well as private funding bodies and individual donors; they will also need to maintain and build their attendance numbers

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Live Classical Music as a merit good

- The reallocation of public funding responsibilities and competence for LCMOs from central to local governments signals a re-definition (shrinkage) of the community's and societal boundaries upon which classical music as a merit good is based : opera in Italy from national interest L800/67 to local interest...

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Why is VERONA visited by so many int'l tourists??



BUT ALSO because of the Arena di Verona!!! (70% of visitors in Verona: 500.000 attendees every season, estimated revenues of 500 mln + Euros)
http://www.youtube.com/watch?v=jDI36_fGP_4

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Trend of int'l arrivals for Italy

International arrivals first ten destination worldwide								
	1990	Share	1970	Share	1990	Share	2004	Share
1	United States		Italy		France		France	
2	Canada		Canada		United States		Spain	
3	Italy	71%	France	43%	Spain	38%	United States	33%
4	France		Spain		Italy		China	
5	Switzerland		United States		Ungaria		Italy	
6	Ireland		Austria		Austria		United Kingdom	
7	Austria		Germany		United Kingdom		Hong Kong	
8	Spain	17%	Switzerland	22%	Mexico	19%	Mexico	14%
9	Germany		Jugoslavia		Germany		Germany	
10	United Kingdom		United Kingdom		Canada		Austria	
	Others	12%		39%		43%		53%

Source: The European House, 2007

Degree of competition among destinations increases: Less concentrated sector
 How could we slow down the decline of our MS?

Tourism and leisure/cultural activities (II)



Recreational and cultural activities can be drivers for tourism!

- Visit to "città d'arte" (urban tourism)
- Visit to theme parks (Disney)
- Attendance of concerts/festivals (ROF, Puccini Festival, etc)
- Etc.

Opened in London (6/4/1999)
 Moved to NYC (18/10/2001)



Key concepts

- The performing arts (and classical music):
 1. Absorb economic value (public subsidies)
 2. Generate economic value (from residents and tourists)
- The meritorious nature of classical music can not be given for granted
- Classical music should be incorporated into the offer of Italy as a destination (diversification of assets useful for tourism)
- Classical music (opera) can make a difference for the branding of ITALY as a tourist destination

 **Behind the Scenes of the Music Show Business:
Economics and Management of the Music Theatre**



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**THANK YOU FOR
YOUR ATTENTION!**

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